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22 August 1979

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No. 1459

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'I SIMERINI' INTERVIEWS DEMOCRATIC RALLY LEADER KLIRIDIS

Nicosia I SIMERINI in Greek 9 Aug 79 pp 1, 3 NC

[Interview with Democratic Rally leader Glafkos Kliridis on the question of UDI by Turkish Cypriots--date not given]

[Excerpts] Question: How seriously do you view the recent activities by the Turkish Cypriot leadership that aim at creating suitable conditions for the declaration of Turkish Cypriot state?

Answer: Recently there have been increased indications that the Turkish Cypriot leadership aims at the declaration of a separate and independent Turkish Cypriot state. These indications must be taken into serious consideration by the Cyprus Government; underestimating them would be an unforgivable mistake.

It is the duty of the Cyprus Government to responsibly plan and follow a policy and tactics that will have the aim of effectively foiling any attempt at declaring a Turkish Cypriot state.

Question: In your opinion, are there any possibilities of declaring a Turkish Cypriot state?

Answer: Yes, there are. That the Turkish side has not yet proceeded with the declaration of Turkish Cypriot state is mainly due to the fact that conditions for such a move have not yet matured. The pressure from outside being exercised on the Turkish side to stop such an action as well as the fact that the world at large generally believed until now that the Cyprus problem can be resolved through the talks process, supported by all the UN member states, thus far prevented the declaration of Turkish Cypriot state.

But the continuation of the deadlock in the inter-Cypriot talks over a long period of time can undermine this belief and weaken the abovementioned outside preventive pressure. Should this happen, this would help the Turkish side to carry out the declaration of Turkish Cypriot state.

Question: In your opinion, what should the Cyprus Government do, and at what stage should it act, in order to avert the possibility of a declaration of the Turkish Cypriot state?

Answer: The Cyprus Government must act in a preventive and unrelenting way so as not to find itself faced with a fait accompli which would be very difficult to reverse. I believe that there is scope to successfully confront the danger of a declaration of Turkish Cypriot state.

A. My answer to the second question shows the great importance I attach to [word indistinct] the deadlock in the inter-Cypriot talks. It is wrong to underestimate the repercussions from the deadlock in the talks. I believe that so long as talks are being held--particularly on the substance of the problem--it would be politically inconceivable for the Turkish Cypriots to declare a state because in that case the Turkish Cypriot leadership would be deprived of any pretext for such an action. It would even expose itself internationally as being responsible for blowing up the talks. On the other hand, the continuation of the deadlock over a long time would lead--as I have pointed out on many occasions in the past--to consolidation of a de facto situation. Precisely for this reason, the Turkish side has intentionally been following filibustering tactics, with the ultimate goal to take advantage of the time factor.

B. If the effort for talks on the substance stumble again on the other side's intransigence, then the Cyprus Government must appeal to the security council--as I have repeatedly suggested in the past--for lifting the deadlock and ask for a decision to appoint--either by the security council or the UN secretary general--an international committee of experts who, after studying the pertinent elements, will proceed with a recommendation on the territorial aspect of the Cyprus problem, based on the criteria agreed upon between Makarios and Denktas. As for the constitutional aspect of the problem, another committee of constitutional experts, who are of international caliber, must be appointed either by the security council or the UN secretary general in order to make recommendations about the constitution based on the Makarios-Denktas agreement, which provided for the establishment of an independent, sovereign, bicomunal, nonaligned federal state with a government that will possess the necessary authority to preserve the unity of the state. The recommendations must also cover the questions of freedom of movement, freedom of settlement, respect for the right to own property, as agreed upon between Makarios and Denktas.

The preparation of the ground for such a recourse to the security council should already have been at an advanced stage.

C. The declaration of an independent Turkish Cypriot state and its recognition by Turkey creates increased obligations for the other two guarantor powers, which, by virtue of an international treaty, have guaranteed the indivisibility of the Cyprus state. Therefore, these guarantor powers must be placed face to face with their responsibilities promptly.

D. However, in addition to the aforesaid two guarantor powers, there should be an appeal for preventive intervention by the security council, which has repeatedly asked the two parties to respect, among other things, the territorial integrity and independence of Cyprus. It must be stressed that if an independent Turkish Cypriot state is declared, this would be an action running contrary to the security council resolutions and not a mere failure to comply with them. The security council must understand that the declaration of a Turkish Cypriot state would be an action that would automatically cause such tension with repercussions for peace in this region which no one has the right to disregard.

Question: If a state is declared how do you view its chances of success and why?

Answer: It is possible that a limited number of Islamic countries will recognize such a state. But there will always be a danger of broader recognition as time passes.

However, the most serious repercussion would be the abolition of the process of talks because if talks were to be held, they would no longer be between two communities of the same state (as is the case today) but between representatives of two states--something that would be tantamount to our indirect recognition of the independent Turkish Cypriot state.

CSO: 4908

## GOVERNMENT SPOKESMAN REFUTES TURKISH USE OF 'BIZONAL'

Nicosia Domestic Service in Greek 1130 GMT 8 Aug 79 TA

[Text] The government spokesman said that the Turkish Cypriot leadership had recently invented the term "bizonal" as a means of voicing its partitionist desires and insists on a prior acceptance of this term despite the fact that until recently it had been using the term "biregional."

The spokesman refuted allegations that the term "bizonal" was either used or is implied in the four Makarios-Denktaş guidelines and pointed out that the term "biregional" was employed in the official documents of the Turkish Cypriot leadership. For example, he said, the resolution which was adopted by the so-called legislative assembly in the occupied areas on 5 November 1976 uses the term "biregional" federal republic and talks about regions.

In addition, the spokesman went on, proposals submitted by the Turkish Cypriot leadership on 18 July 1975 say that "the Cyprus republic will be independent, territorially integral and a biregional federal state. The term "region" is used five times in the same document.

The spokesman stressed that from the documents in question we come to the conclusion that the Greek Cypriot side has been employing the term region--as agreed upon and in no way arbitrarily--whereas the Turkish Cypriot side, which has been using the term until recently, has, in line with its habitual tactics, recanted, aiming to undermining the inter-communal talks.

CSO: 4908



## BRIEFS

ARMS THEFTS--If a mere theft is a criminal offense that is punished accordingly, then an arms theft--particularly from a national guard camp--is an act of high treason. Some papers have reported that there have been thefts of arms and ammunition from at least two national guard camps, something that has not been officially denied. This is not only very alarming, but it is also characteristic of the return to the tragic situations that existed in the past. For us things are simple and painfully serious: some unknown people are directly striking at the struggle and the existence of the state again from the inside. They are committing a crime because they undermine the ability of the army to fulfill its mission, which is the defense and protection of this country. Thus, we ask the government to speak up and issue a detailed statement; to brief the people; to explain what is going on, but above all to show no mercy toward the culprits. We are all aware of the situation that prevailed prior to the coup and the invasion: continuous thefts of arms from military camps and installations. This situation must not be allowed to return. The national guard's weapons are sacred because they are needed for the defense of Cyprus, and those who appreciate them or use them for alien purposes are committing a crime against the bleeding Cyprus. The state is asked to act and react while there is time. [Text] [Nicosia I SIMERINI in Greek 11 Aug 79 p 3 NC]

CSO: 4908

## BUNDESBANK PRESIDENT INTERVIEWED ON ECONOMY

Duesseldorf WIRTSCHAFTSWOCHE in German 16 Jul 79 pp 29-31

[Interview with Bundesbank President Dr Emminger by WIRTSCHAFTSWOCHE editor Conrad Ahlers; date and place of interview not given]

[Text] [Question] Last Thursday's Central Bank Council decisions have met with approval, but also with criticism. What do you have to say to your critics?

[Answer] To the critics who fear a sharp rise in interest rates, I have this to say: The discount rate and the related interest rates for commercial credits have basically lagged behind other interest rate development. This has perhaps contributed to the still too strong expansion of credit. If the present increase in central bank interest rates were to have a dampening effect on new credit commitments for construction purposes, this would not be an unwelcome development in view of the overheating in this sector. A shifting of construction orders to next year would eliminate some of the excess pressure in this area and help stabilize the economy in the future.

I would say this to the critics who fear an interest rise in the bond market: This has apparently already been largely forestalled by a discount measure -- one that has been expected for a long time. The bond market appears already to have recognized the possibility that the interest trend will swing the other way again next year.

In answer to those critics who fear disruptive effects on the foreign exchange markets, I would say this: Here as well, the effects of the expected discount and collateral lending measures have already been anticipated, at least in part. Moreover, contrary to an opinion that is widely held abroad, a half-percent difference in interest one way or the other is of no consequence to the dollar rate or to the situation within the European Monetary System. Even after the increase in our discount and collateral lending rates, for example, the difference in interest between us and Belgium in the area of discount and collateral rates still lies between 4 and 6 percent. If a difference such as this does not lead to equilibrium on the foreign exchange market, other, more fundamental factors must be at work.

[Question] How do you assess the danger that "trimming" on the part of the Bundesbank might harm economic development, and how do you intend to prevent the decisions of the Central Bank Council, the effects of which will presumably be delayed, from reinforcing at the moment of action those factors that are dampening the economy -- in other words, how do you intend to prevent them from having a pro-cyclical effect?

[Answer] I would reverse the situation and say this: If we were to sit on our hands and permit present inflationary trends to spread unchecked, this lack of action would be much more likely to preprogram an economic setback for a later date. This is because demand in many areas would far exceed the immediate possibilities of an expansion of production; moreover, the "wage drift" that is already beginning would gain added momentum over and above standard wage agreements, and home-grown inflationary trends would take on increasingly greater weight. Then if in next winter's round of wage negotiations these price and wage trends were to firm up into a price-cost spiral in 1980, damage would be done in the long run not only to currency stability but also to the economy, for a period of wage inflation with its inevitable battles over apportionment would create as poor a climate as imaginable for continuation of the presently quite satisfactory capital investment activity.

[Question] But you have only slight influence over price fluctuations coming in from outside.

[Answer] Mind you, I am talking about the fact that we must keep or bring our "home-grown" components of inflation under control. We cannot use monetary policy to roll back price-increase trends imported from the outside -- such as oil price increases and other raw materials price hikes. Of course, a tighter monetary policy can strengthen the exchange rate of the mark and thereby weaken the effects of international price increases on our country.

[Question] Do you not believe that the increased prices for oil and oil products are exerting a dampening effect on the economy anyway?

[Answer] This can certainly not fail to have repercussions for the economy. A decreased demand situation is developing in our country because private households alone will have to pay out an estimated DM 8 to 10 billion more in the future for the same quantity of oil products. This constitutes a forced shift in demand to the OPEC countries and a real drop in actual living standards. As regards the demand effect, however, this is countered by a number of compensating factors: First of all, relatively soon the oil-exporting countries will have to start using a portion of their excess proceeds -- the OECD estimates about half -- for additional orders with the industrial nations. Indeed, this will not balance out the actual transfer, but it will partially compensate for the decreased demand.

Moreover, initially at least, the private households affected by the increased prices for heating oil and gasoline will also be putting somewhat less into savings in order to maintain their real standard of living if possible. In the third place, the oil-price shock might unleash a new wave of investments in a few individual areas -- energy conservation, research and investment initiatives for alternative energy sources, power plant construction -- although there probably would be some delay.

[Question] Nevertheless... .

[Answer] Nevertheless, massive increases in the price of so important a raw material cannot help but have repercussions on real growth. There will be many a structural shift; there might be a drop in the demand for automobiles (although the Federal Republic is in a more favorable position here than other automobile-producing countries by virtue of its variety of models); productivity will increase at a slower rate in many areas. I share the OECD view that -- all things considered -- this may perhaps lead to a decline in growth amounting to about half a percentage point compared to original estimates. This means that real growth for 1980 would perhaps amount to only 3 to 3.5 percent rather than the expected 3.5 to 4 percent. These are readjustment processes that we cannot bypass by expanding the money supply.

[Question] And how do things stand with the effect -- perhaps delayed by a year -- of your dampening monetary policy on the economy of the year 1980?

[Answer] The assumption that the effect of the monetary policy will be delayed by a year is an arbitrary one. It is a theoretical average figure, while in reality the effect sometimes begins as early as 6 months later and sometimes not until after 2 years have passed. It depends a great deal upon attendant circumstances and general conditions. A monetary policy which receives support from the exchange rate probably works much quicker.

Moreover, we have not just begun to make adjustments now; we have been doing it for half a year, and not only by raising central bank interest rates (an increase that was quite moderate) but chiefly by eliminating excess liquidity on the part of the banks. To be sure, the expansion of credit is still continuing at a very strong pace -- probably too strong! -- despite our efforts. Thus, our measures were anything but the sometimes criticized "overreaction." Measured by the strong impulses that are pushing credit expansion, they have thus far been too weak rather than too drastic.

As far as the economy is concerned, it is presently doing better than we had expected a few months ago -- particularly in terms of investments and the export sector.

[Question] But the construction industry is already talking about the "discount sword," a guillotine!

[Answer] Because of the excess demand that has lasted for months in the construction industry, the backlog of unfilled orders is unusually large and extends far into 1980. Even though new transactions have slowed down now for many mortgage banks, the total number mortgage approvals for housing construction by all credit institutions as well as building and loan associations and insurance institutions is still higher than the construction industry can take care of on a routine basis. Thus, substantial economic reserves still exist here. It would be better if a portion of the orders in this sector as well as in some others were to be deferred for the present and postponed until next year. Interest terms may also be more favorable at that time.

[Question] How do you assess the repercussions of the already recognizable recession in the United States on our economic situation?

[Answer] As things stand now, the United States is not in for a collapse like that of 1975, but only a "shallow" recession. This will not be without effect on our foreign trade -- however, unexpectedly large reserves of unfilled export orders have been piling up in the past few months. Furthermore, a mild recession in the United States would presumably have a dampening effect on international price increases for many raw materials -- something that would definitely be advantageous.

As far as the economies of the industrial nations as a whole are concerned, there is an important difference between 1975 and today. At that time, all of the more important industrialized countries went through the economic cycle beginning in 1972-73 as a "synchronized" group; almost all of them sank into a recession at the same time in 1974-75. This time the economic decline in the United States -- at a very high level of production and employment, nonetheless -- is being countered by upward economic forces in other important industrial nations. I mention only Japan, the Federal Republic, Italy and also France. Since about 60 percent of the Federal Republic's exports go to Western Europe, the relatively good economic development in this region works to the advantage of our country. On the other hand, to be sure, the U.S. recession and the disruption caused by the oil price shock will certainly not pass over the world's economy without leaving a trace -- a number of developing nations are also seriously affected by this! But a worldwide recession like that of 1975 is presently not in sight.

[Question] You always speak of "home-grown inflation." Just how strong is this home-grown element? Is it not predominantly price increases coming from outside that we have to deal with here?

[Answer] If you take the trend of prices from the beginning to the middle of this year and make a 1-year projection, then the portion of the cost-of-living increase related to oil -- and thus unavoidable -- does in fact predominate by far. This is simply because the main part of the explosive increase in oil prices fell during this period. We can of course hope that



such a jump will not be repeated on the same scale in the second half of the year. According to present trends, we must expect for the second 6 months that consumer prices will be between 4 and 5 percent higher than in the same period last year. Last year the rate of price increases was about 2.5 percent. Perhaps somewhat more than half of the increase over last year is due to foreign influences, but part of the increase can also be traced to domestic price-rise factors. Indeed, one need only think about the high prices in the construction sector. There are also other price increases that cannot be explained simply by higher raw materials costs.

In addition, a tangible "wage drift" is becoming evident -- or wage increases in excess of agreed-upon standard wages. A major reason for this is the increasing shortage of manpower, which is a clear sign of excess demand, at least in part. Of course, the increase in the value-added tax also has an effect. But I see a definite possibility that this price rise in the second half of the year will in part be a one-time "price bulge"; in other words, the rate of price increases in 1980 will again become lower in comparison with the preceding year.

[Question] On what do you base your hope that price increases can be pushed back down in 1980?

[Answer] I believe that we do have such an opportunity, but only under certain conditions -- above all, if and when we pursue the correct policy. Naturally, the most important precondition is that we have no new and bigger oil-price shock nor any acute disruptions in oil supply. Then the present upward effect of the oil shock on the price index would remain a "one-time factor" that need not be repeated in 1980.

In the second place, we must not let prices that depend upon domestic factors run away from us. Among other things, this presupposes that the next round of wage negotiations will take a moderate course. We can expect this only if by the onset of winter it has become clear that we at least have firmly under control those increases that are governed by the domestic economy, our so-called "home-grown inflation." If we do not succeed in this, the present cost-of-living trend could have a dangerous effect on next winter's round of wage negotiations. We could then be faced in 1980 with a price-cost spiral that would do damage both to the value of money and to the economy for years to come. On the other hand, with a credible stability policy we definitely have a chance that the upcoming wage negotiations will take place on the basis of "realities." Another key element here is an understanding of the fact that the real losses in purchasing power that have resulted from the increases in oil prices cannot be compensated for by wage and salary increases. For that extra amount which the OPEC countries have skinned off from our real purchasing power -- at current oil prices this would be a good DM 13 to 15 billion for the German economy as a whole -- cannot be apportioned and paid out once again here at home. Or as Chancellor Schmidt said recently: One cannot get around this forced real transfer abroad, not with tricks, not with higher wages and not by printing money. This viewpoint definitely

exists in our country, even among trade union leaders, but it can become generally accepted only if the home-grown inflationary trends are truly brought under control. The Bundesbank is attempting with its anti-inflation policy to honor the moderate bargaining results of the last round of negotiations; in other words, it is attempting insofar as circumstances allow to safeguard the real value of incomes. It is thereby establishing an important prerequisite for the continuation of a wage policy based on reality. If we are successful in keeping the average cost-of-living increase at 4.5 percent or below for the year 1979 -- and this does not appear to be impossible -- the employee will still be left with an average increase of 1.5 percent in real net income despite the shock of oil prices.

7458

CSO: 3103



## PCF POLITICAL BUREAU MEETS, FOCUSES ON THREE MAIN ISSUES

Paris L'HUMANITE in French 12 Jul 79 p 4

[Text of press conference by PCF Political Bureau members Pierre Juquin and Andre Lajoinie: "To Intensify Action Against the High Cost of Living"]

[Text] A short press conference was held yesterday [11 July 1979] in the office of the Central Committee [of the PCF--French Communist Party] at the conclusion of the Political Bureau's meeting. Pierre Juquin and Andre Lajoinie informed the journalists of the decisions taken and answered their questions.

Three questions principally held the attention of the PCF Political Bureau: The economic and social situation, the problem of Vietnamese refugees, and the preparation of the Festival of L'HUMANITE. On this last issue a commune-ique was published (see below).

Andre Lajoinie first noted the seriousness of the economic and social situation. He indicated that during the holiday period and at the start of the season the PCF would intensify its actions against price increases, primarily, and unemployment.

"For the first time," the communist official noted, "the government has announced officially that it wishes to reduce the purchasing power of the French people. We shall not wait for the start of the season to respond. While our activists take their vacations like everybody else, the party insures constant action...."

The PCF will first devote itself "to demystifying the excuses made by the government." Lajoinie recalled that it is not the fixing of oil prices by the producing countries which is the cause of inflation but rather worldwide inflation which constrains the oil producing countries to readjust their prices. On the other hand, he noted, the oil companies and the government profit from the increases in gasoline prices. The PCF will oppose these hikes which constitute, together with increases as a whole, "a veritable attack against the standard of living of the French people."

The two communist officials then denounced the "politically oriented exploitation" of the problem of Indochinese refugees. Andre Lajoinie expressed the thought that "there was something indecent in this drive" analogous to "a race of aircraft" under various political labels.

The PCF will send a delegation to the Geneva conference on refugees from Indochina opening on 20 July 1979. It will take a series of steps in France to make sure that the French Government delegation in Geneva it "assumes its responsibilities" because "a humanitarian solution is possible," Andre Lajoinie noted. He recalled the representations already made by the PCF to the French Government, namely, as regards food aid of the European Economic Community to Vietnam, assistance which was recently halted.

Regarding the verdict at the trial of the young Corsicans, Pierre Juquin indicated that the PCF's Political Bureau was making "a sharp protest." "We do not condone terrorism," he said, "but the protest of the Corsicans is a political issue. What does the government seek with that verdict? New confrontations? That is a question that we are asking it."

Answering questions, subsequently, Andre Lajoinie recalled that the proposals for joint action made by the PCF to the PS [Socialist Party] on aid to refugees had been rejected, that the election, thanks to the Socialist defection, of a Giscard d'Estaing follower in the regional council of Picardy showed that "there was an anti-unity attitude in the Socialist Party." He recalled the decisions of the 23d PCF Congress for the reconstruction of unity at the base.

Questioned about the "new right", Pierre Juquin first expressed surprise at the "fuss made about a few men who do not represent widespread opinion in France."

"The new right," he said, "is not a philosophy but a political operation, a foil which aims to pass off the real right as liberal."

Do people not strive, Pierre Juquin continued, to make believe that apart from "the new right there is no longer any other right in France to secure, notably among intellectuals, a consensus which has been impossible so far?"

"It is necessary," Juquin said, "to cut this undertaking down to appropriate proportions without giving in to diversionary operations. We disapprove of the themes of the 'new right' and we invite the intellectuals to dismantle this windbag. We must fight the 'new right,'" he concluded, "but by fighting the right, the one which holds sway at the Elysee [presidential] palace."

2662  
GSO: 3100

## PCF POLITICAL BUREAU PREPARES FOR UPCOMING 'L'HUMANITE' FESTIVAL

Paris L'HUMANITE in French 12 Jul 79 p 2

[Article: "For a Major Festival of L'HUMANITE"]

[Text] The L'HUMANITE Festival will be held at La Courneuve on 8 and 9 September 1979. It will be a large rally of the workers struggle, of our country's people, a manifestation of international solidarity, a big cultural meeting. During the meeting which will represent its climax, Claude Poperen, member of the PCF's Political Bureau, will deliver a speech which will give all its political dimension to this event of the start of the season.

This festival will constitute an answer to the economic and social policy of Valery Giscard d'Estaing, Raymond Barre, and Francois Ceyrac who wish to take 2 billion old francs out of the pockets of wage-earners, aggravate the price increase and unemployment, and attack the social security system. The festival will also put into evidence our party's struggle for democracy and freedoms, national independence, peace, cooperation, and disarmament. It will enable hundreds of thousands of women and men, young people, to know better the orientations spelled out at our 22d and 23d Congresses, the ideal of democratic socialism which is ours.

This festival will be marked with the seal of combativeness. All the enterprises which are familiar with the struggles will have a place there: Their workers will be able to express themselves and voice their demands and struggles on that occasion.

The focal point of solidarity, the International Center, will witness participation and development of exceptional scope reflecting the multiple fraternal relations maintained and enhanced everywhere in the world by our party and L'HUMANITE. Georges Marchais and Maxime Gremetz will inaugurate it.

Conditions thus exist to make a great success of this L'HUMANITE Festival.

But the festival's success does not come spontaneously. Its prestige is the result of major cumulative efforts. In order to give it all the necessary sparkle and scope this year, we could not count on acquired momentum and

allow ourselves to be lulled. As each year, success can only be the consequence of a major mass endeavor, of a political struggle to distribute support labels.

The distribution of these labels is the occasion of a contact of the communist party with the workers and the people, not only in the Paris region but also in the provincial departments for which a significant political act is involved there. That means the possibility of hundreds of thousands of conversations between the communists and the other workers. It represents the possibility of throwing light on the government's policy, on its lies, on the need for unity at the base, on the proposals of the communists. It is the occasion of a conquest of new activist forces. To be distributed across France, the support labels are an effective means to widen the popular backing necessary to the communist press.

After the 23d PCF Congress, after two elections at which our adversaries' attempt to weaken us was foiled, sound political conditions are at hand so that the distribution of the labels may be widespread. Everything, really everything, in this respect depends on each party cell, on each communist.

For each of the cells this is the priority task of summer. Even better, the distribution of the labels among communist voters, among the workers who turn to us and support us constitutes a means to activate the life of the cell in close relations with the concerns of the workers, of the people. From July to September the political struggle of the communists against austerity, authoritarianism, and national giveaways by the government will develop to a large extent by giving the maximum of scope to the distribution of the support labels of the L'HUMANITE Festival.

It is therefore important that the party executives set for themselves ambitious goals of distribution and that they put into motion the means to achieve them. It is especially important that they act in such a way that each member of the party may personally assume responsibility for the sale of several support labels. Each cell secretary, each treasurer will therefore distribute a sufficient number of labels to each follower. Regular meetings and various initiatives will enable them to make their point with precision, to provide good examples, and to rapidly correct deficiencies. A particular distribution effort will be made in the enterprises.

It is in order to assure in this way very great success for the L'HUMANITE Festival in 1979 that the Political Bureau calls on all the party organizations and followers.

2662

CSO: 3100

## BRIEFS

INCREASED ELECTRICITY PRICES--The Ministry of Trade and Industry, in attempts to curb demand for electricity, has announced that consumers of over 800 kw will be forced to pay 82 percent more in their bills. This is the second increase in the price of electricity this year; the first took place in February when prices went up by 4-31 percent for consumers using more than 300-100 kw. A Ministry spokesman stated that the new measures are intended to discourage consumers from using electricity for heating purposes following the increase in price of oil used for central heating. [Text] [Athens ATHENS NEWS in English 15-16 Jul 79 p 4]

INCREASE IN TRANSIT FARES--Transport Minister Papadongonas is today expected to sign the bill allowing fare increases in public transportation, sources said yesterday. The increases, which were necessitated by the Government's energy conservation measures, will probably take effect as of Thursday and will include the following: City to City, and other suburban buses will raise passenger fares by 10 percent. Urban passenger networks, including trolleys, the Electric Railway and buses, will increase fares from 8 to 10 drachmas. Fares costing 15 drachmas will not be increased. Taxi fares will rise to 11.20 drachmas per kilometer. Half fares on urban transport costing 4 drachmas for students and members of the Armed Forces will be raised to 5 drachmas. [Text] [Athens ATHENS NEWS in English 18 Jul 79 p 1]

CSO: 4920

## PROBLEM OF FUEL RESERVES DISCUSSED

Lisbon EXPRESSO in Portuguese 7 Jul 79 p 2R

[Text] The main reason indicating the untimeliness of implementing measures in Portugal with a view to saving gasoline and diesel oil is the fact that the country has surpluses of these fuels. Where gasoline is concerned, annual consumption has been steady at about 750,000 tons per year. In 1979, the refining of 8.1 million tons of crude oil will produce between 890,000 and 1,215,000 of so-called "tourist" gasoline, if the refining yield remains at the 11 percent seen in 1978 or increases to about 15 percent, in accordance with estimates on the coming years in official studies. Between 1980 and 1982, the refining of 10 million tons per year will yield 1,555,000 tons of gasoline.

The surpluses for export will thus predictably be larger than the level of domestic consumption as such.

As to diesel oil, the official estimates of the General Fuel Office foresee domestic production of 2,108,000 tons between 1980 and 1982, with consumption increasing from 1,378,000 in 1980 to 1,475,000 tons in 1981, and to 1,595,000 tons in 1982. Taking market sales (sales to foreign aircraft and vessels), expected to reach 190,000 tons in 1980 and 206,000 tons in the next two years into account, the diesel oil surplus will be 540,000 tons in 1980, 427,000 tons in 1981, and 307,000 tons in 1982.

## Who Will Buy?

The processing of a minimum of 10 million tons of crude oil per year by the domestic refineries thus raises the problem of selling various surplus refined products on foreign markets. This has not always proved viable, and when it has been achieved, it has not always been at the most favorable prices. Market sales (foreign ships and aircraft) totaled 3.7 million contos in 1978, with the expectation that the sum will vary between four and five million contos in the coming years. To this sum must be added about 10 million contos per year in exports, according to government studies.

Estimates for 1979 point to the import of 1,225,000 tons of refined products, totaling 6,965,000 contos; the export of 35,000 tons of refined products (300,000 contos); and the reexport of 700,000 tons (4,200,000 contos).

However, the negative balance of 45,815,000 contos estimated for the domestic oil balance can be reduced by 2,500,000 contos if the placement of all of the surplus products on foreign markets is achieved (about 430,000 tons).

5157

CSO: 3101



## SLIGHT IMPROVEMENT IN TRADE BALANCE REPORTED

Lisbon 0 DIA in Portuguese 5 Jul 79 p 2

[Text] The Portuguese trade balance deficit was 27,700,000 contos in the first quarter of this year, representing a drop of 1,100,000 from the deficit reported for the comparable period in 1978, according to the INE [National Statistics Institute].

Exports, which increased 68 percent over the figure for the first quarter of 1978, reached a total of 35,800,000 contos, while imports, with an increase of 26 percent, reached 63,500,000. This development led to an improvement in the rate of coverage of imports by exports of from 42.5 percent to 56.4 percent.

An analysis of trade exchange by groups of countries shows that the bulk of the trade continues to involve the EEC countries, accounting for 42 percent of Portuguese imports (the same as in the first quarter of 1978) and 56.6 percent of the exports (as compared to 58 percent for the comparable period last year).

In trade with the common market countries a deficit of 6,400,000 contos was reported, nonetheless lower by 2,500,000 than the figure for the first quarter of 1978. The rate of coverage developed positively from 42.5 percent to 76 percent.

Trade with the EFTA [European Free Trade Association] showed a negative balance of 605,000 contos, less than half that reported for the comparable period the preceding year (1,300,000 contos), with an increase in the rate of coverage from 42.5 to 56.4 percent.

With the European countries having so-called planned economies, the trade deficit dropped 89 percent, from 1,300,000 to 139,000 contos. This development was due to the significant increase in exports to these countries from 463,000 to 1,600,000 contos. As a result the rate of coverage increased from 26 to 92 percent.

#### Positive Balance With Former Colonies

Trade with the countries in the former escudo zone (former colonies) in turn, showed a surplus of 1,100,000 contos, reflecting an increase of 59 percent in relation to the balance for the first quarter of 1978, which was also positive.

An analysis by countries shows that trade between Portugal and the United States produced a deficit of 6,700,000 contos, slightly higher than the figure for the EEC countries as a whole.

The main Portuguese exports by groups and class were those in the "textiles and textile products, footwear, skins and hides" category (12,800,000 contos), followed with a considerable lag by "wood, cork and paper products" (5,700,000).

As to imports, those taking the most foreign exchange out of the country were in the category of mineral products (11,800,000) and food products (11,600,000). Foreign purchases of oil totaled 8,100,000 contos, up 21 percent over the figure reported for the first quarter of 1978, and representing 13 percent of the total import value.

5157

CSO: 3101

## PROCESSING INDUSTRY RECORDS IMPROVEMENTS, WEAKNESSES SEEN

Lisbon EXPRESSO in Portuguese 7 Jul 79 p 17

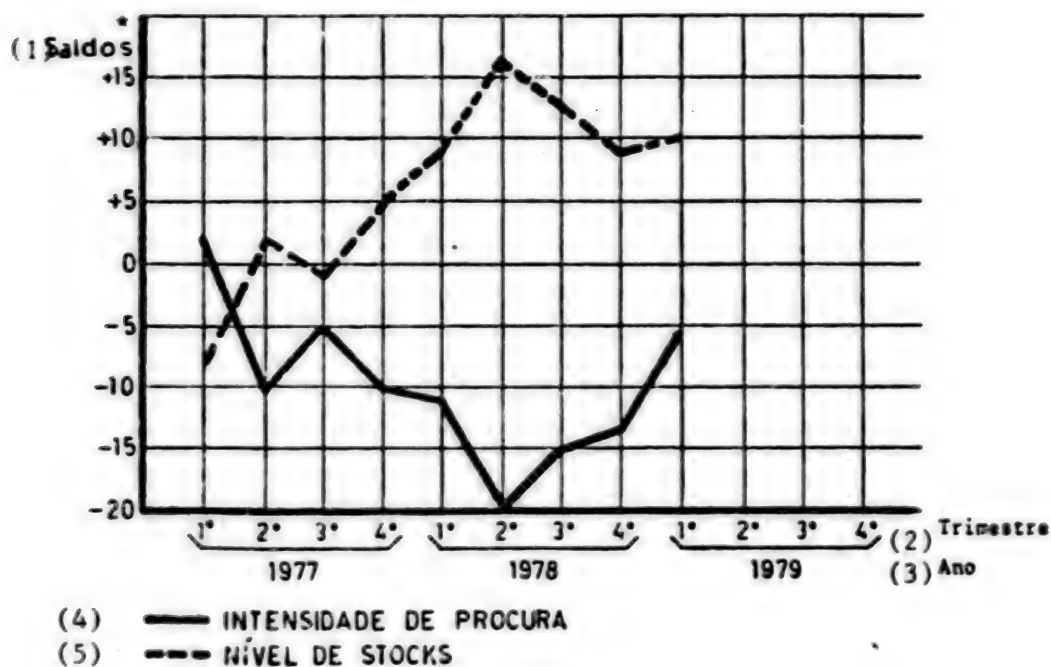
[Text] From a purely situational viewpoint, Portuguese industrial activity maintained the indications of improvement seen in the fourth quarter of 1978 in the first three months of this year. However, the grave structural problems continue to worsen, with the productive bottlenecks opposed to any more positive market reaction becoming ever more visible, according to the most recent quarterly INE [National Statistics Institute] report on the situation in the processing industry.

According to the national statistical offices, "The continuation of this clearer climate in industry cannot be anticipated for much longer unless urgent measures to reequip and reorganize the industrial units are adopted, in order to be able to continue to be equal to the possible demand incentives, either domestic or foreign."

On an average, there is considerable underutilization of the installed productive capacity: The use rate runs about 78 percent and approximately a quarter of the industrialists believe that their installed capacity is more than adequate. On the other hand, currently 37 percent of the industrial sector finds itself unable to increase its production levels, even if orders were to increase, such that any small positive change in the market would be reflected in a serious blockage. This is the reason for the need for investment in the sectors in which the bottlenecks are greatest, either through a self-financing system or by recourse to credit. "However," the INE stresses, "in view of the systematic continuation of serious financial problems revealed by a significant portion of the industrial managements, it is not possible realistically to envision the reequipping of the industrial units within an acceptable period, unless meanwhile a change in the credit policy is seen."

However, despite the structural problems which are becoming more pronounced, situationally, the processing industry showed indications in the first quarter of this year that the depressive situation seen last year is clearing. The development of foreign demand contributed to this, serving as a factor carrying movement along and influencing sectors not directly linked with

export, such that overall demand (see graph), although remaining below the normal level, has tended slightly toward recovery since the middle of 1978.



Overall Demand and Stocks of Finished Products

Key:

1. Balance
2. Quarter
3. Year

4. Intensity of demand
5. Level of stocks

- \* Difference (heavy demand - weak demand)
- \* Difference (stock higher than normal - stock lower than normal)

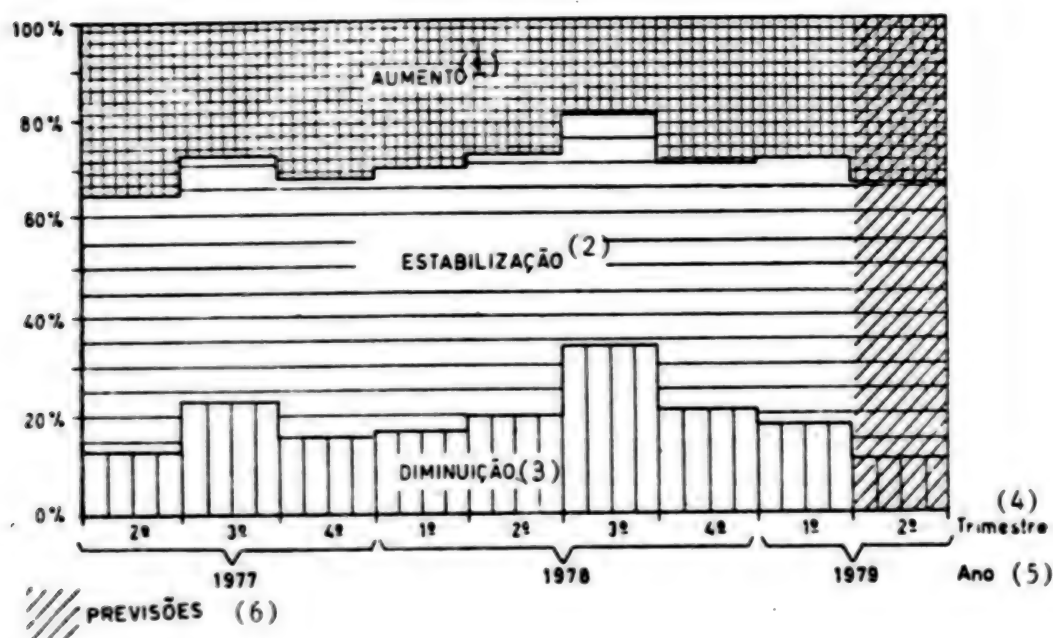
Equipment Deteriorating

The development of the market caused a new increase in overall production and no significant change in the level of stocks of finished products was seen during the quarter.

The industrial establishments which could not increase their productive levels even in the event of more orders increased from 34 to 37 percent, of which 30 percent reported the deterioration of equipment as the main bottleneck, 19 percent cited inadequate installations, and 15 percent gave financial difficulties as the reason.

As to the variation in employment, a slight recovery was seen due to the development in the consumer and intermediary goods industries, since in the industries producing investment goods, a break was seen in the rate of

increase in employment. During the second quarter of 1979 no substantial changes in the development of employment are expected, overall, although if the industries increase production in the second quarter of 1979, a favorable development is likely, with significant increases in the rate of growth, above all where the industries producing consumer and investment goods are concerned.



Production Trends

Key:

- |                  |              |
|------------------|--------------|
| 1. Increase      | 4. Quarter   |
| 2. Stabilization | 5. Year      |
| 3. Decrease      | 6. Estimates |

5157

CSO: 3101

## MADRID DAILY SUMMARIZES, CITES GOVERNMENT DOCUMENT ON ECONOMY

Madrid ABC in Spanish 3 Aug 79 pp 6-7 LD

[Unattributed report: "Growth Rates Will Be Lower Than Last Year"]

[Text] The first part of the [Spanish] Government's economic program centers on a detailed appraisal of the international situation and the economic factors influencing our system. Thus the energy sector is identified as the greatest external source of limitations and uncertainties for future economic growth. "The events in Iran, the reductions in output and the complete dislocation of prices discipline on the international market which this has entailed have created a major new crisis whose ultimate consequences for the entire world are difficult to forecast at the present time."

It later states that the forecasts made in the last months of 1978 with respect to trends in the industrial countries during the present year estimated their annual inflation rate at about 7 percent and their real growth rate at 3.5 percent. It was hoped that the U.S. recession would reduce prices pressures and that the recovery observed in the principal European industrial economies since the middle of last year would continue in 1979 with sufficient momentum to offset the U.S. economy's loss of momentum.

But trends during the first months of the year--the government document states--soon spoiled these forecasts. The increase in the prices of oil and other raw materials, as well as the consequences of bad weather conditions, vigorously boosted the increase in consumer prices from the beginning of the year everywhere, and the monetary reactions to curb these upward trends in prices jeopardized the aims of real expansion in the European industrial countries.

The forecasts made by the OECD for the countries of the area as a whole adequately reflect, the document stresses, this gradual worsening of economic prospects: the area's real growth rate in 1979, initially estimated at 3.5 percent, was reduced to 3.2 percent in April and to 2.7 percent in May, when it was believed that the price of oil per barrel would eventually total \$16.5; at the same time, forecasts of the area's inflation rate were successively revised from an initial 7 percent to 7.5 percent and later to 8 percent.



Elsewhere, the government program stresses that in little over 6 months [words apparently dropped in newspaper] a panorama in which the OECD countries' growth rate is halved, the forecast inflation rate increases 50 percent and balance of payments distortions are exacerbated. "The harsh and certain fact is that the world must accept that it has entered a lengthy period during which growth rates will be substantially lower than last year." The world will have to become accustomed to expensive and scarce energy and accept the reduction of real incomes insofar as it has to pay the exporting countries higher energy prices.

#### Spanish Economy and Economic Policy

The program also notes the results of the economic policy contained in the Moncloa agreements, which can be summarized as follows: the heavy deficit in the balance of payments on current account was transformed into a surplus of about \$1.6 billion in 1978, and the acceleration of inflation of 1976-1977 was not only halted but reversed, so that 1978 ended with a 16.5 percent increase in consumer prices--about 10 points lower than that recorded in the previous year.

However, the policy of adjustment and reorganization, the document comments, inevitably entailed a curbing of demand and, in particular, a weakening of investment, although the reasons for this sluggishness in investment were not exclusively economic or domestic. The GDP increased 3.1 percent in real terms in 1978; that is, substantially more than was initially envisaged in the Moncloa agreements. But unemployment increased considerably, and, being already high when the policy of adjustment was initiated, 1978 ended with an unemployment rate of 7 percent of the working population, equivalent to a total of 905,000 unemployed.

#### Loss of Momentum

After stating that this delicate situation on the labor market was the government's central concern in mapping out the main guidelines of economic policy for 1979 during the last months of 1978, the document asserts that the deviations which the situation necessitated with respect to the international and national economy resulted in a loss of momentum in the forecast line of growth and great difficulty in maintaining the desired rate of reduction of inflation. The extremely rapid development of events in the energy field, which lead to increasing disruption of the markets and finally to the spectacular increase in the price of crude decided on by OPEC 28 June, necessitated a thorough reappraisal of economic prospects in all countries, and especially in one as sensitive and vulnerable to energy problems as Spain.

In view of this measure, the document states, a decision was made 2 July, realistically accepting the increase decided on by the OPEC countries and at the same time rationalizing the domestic prices structure on the basis of the following criteria: an increase in the prices of products



with greatest scope for taxation, more moderate increases in the prices of those products with repercussions on necessary consumption, the elimination of fraud and deviations in consumption and the granting of sectorial subsidies to agriculture and fisheries because of these sectors' social importance, thus beginning a process of budgetary clarification.

#### Government Will Attempt To Reduce Public Deficit Without Affecting Investment

"The Spanish economy can currently aspire to achieving a real growth rate of about 2.5 percent and an annual inflation rate of 13-14 percent, to which must be added something over 2 points stemming from the direct or indirect effects of the increase in the price of oil, so that the inflation rate will be approximately 16 percent at the end of the year, although this will depend on the attitude of the economic agents."

This paragraph begins the second part of the document released by the deputy premier for economic affairs yesterday. This part describes the adjustment made to the economic policy program for 1979, and after pointing out that society must realize that "the increases in the prices of crude entail a real impoverishment of the importing countries, resulting in a reduction in real terms of disposable incomes for the Spanish people as a whole," it stresses that nobody should believe that "the various social groups' real earnings can be restored and preserved in the face of the increase in energy prices through increases in monetary incomes, which can only cause inflation to accelerate."

"The energy problem will affect growth prospects as an immediate restriction. The government therefore needs to complete the adjustment of the economic policy program for 1979 through the adoption of a set of coherent measures to reduce the public deficit without affecting investment and to adjust the trend in the monetary variables and the movement of incomes and prices to the new situation [no closing quotation mark]

#### Public Deficit

It is estimated that the public administration's deficit may currently total about 400 billion pesetas. It does not seem possible to reduce this deficit by increasing tax pressure even further than is envisaged in the 1979 budgets--about 0.5 points. The need to take action by means of the public administration's expenditure is therefore clear.

Accordingly, the government deems it an essential and demanding, but realistic, aim to reduce the estimated deficit for 1979 in the public administration as a whole by 100 billion pesetas.

The effort to contain public expenditure should therefore be focused on the public administration's current expenditure both in the area of the state and in those of the local corporations and of social security.

## Monetary Policy

"The government believes that monetary policy should maintain its aims of gradually reducing the inflation rate, but the upward pressure on prices stemming from abroad will have to be financed to some extent to limit its depressive effects on the progress of the economy, and this requires a growth rate in keeping with the public's liquid funds."

This section stresses:

--Although the balance of payments surplus will obviously be reduced over the next few months, a surplus of about \$3.5 billion will be recorded in 1979.

The well-known inadequacy of the rate of increase of credit for the private sector is a further basic reason for reducing the public deficit, as a result of which it is possible to insure that the financial system's credit for the private sector increases during the second half of the year at a rate clearly higher than in the first half, and that this increase totals 16-17 percent for the fiscal year as a whole.

## Forecasts

In the field of monetary policy a 19.5-percent increase in liquid funds is set as a target for the second half of the year, and this implies 20.3 percent for 1979 as a whole.

The Bank of Spain will take into account this target and the trend in credit for the private sector to insure that the latter increases 16-19 percent in the second half of the year.

## Prices and Incomes

The marked and widespread acceleration in price indexes in all countries during this period casts a more favorable light than that in which both the moderate fall in our inflation rate--about 15.5 percent at the end of the period--and the exceeding by only 0.7 points of the limited safeguard clause laid down by the government tend to be viewed.

Progress continued to be made during 1979 in alining our inflation rate with the prevailing average rate in the industrial countries.

However, there is a need, without interrupting the liberalization of our economy in all its aspects, to achieve a greater degree of openness and information in the price-setting machinery.

The government considers that reducing inflation remains a priority aim and intends to insure that price increases do not exceed 15-16 percent in the current year. To this end and as specific measures for the next few months:

--The process of introducing greater freedom in setting prices will be continued, without detriment to conducting the necessary investigations and taking the appropriate steps when abuses or unjustified surpluses are detected. In order to become better acquainted with these instances, prices committees will be set up which will periodically draw up reports on those products or sectors which undergo steep price increases, with the advice of trade unions, employers' organizations and consumers.

--Within a framework of consultation with trade unions and employers' organizations, further efforts will be made to devise a prices index which will satisfactorily meet the need to reflect the trend in the purchasing power of the classes with lowest incomes, while still retaining the present consumer-prices index.

After acknowledging that "it is difficult to make a correct estimate of the trend in the total wages bill," the program states that "the national statistics institute's wages inquiry estimates wage increases per hour worked at over 20 percent during the first 3 months of 1979."

"The government," it adds, "is prepared to accept wage increases for workers subject to collective agreements, provided that the state of their respective enterprises allows this," strictly in line with the extent to which the increase in prices exceeds the limit set as a safeguard clause for the first half of the year.

On the other hand, "the government does not deem it desirable to recommend increases in monetary incomes to offset the loss of purchasing power entailed by the increase in the price of crude."

#### Further Measures

"The preceding measures," this part of the document concludes, "are in line with the need to adjust economic policy for 1979 immediately to the new circumstances. This adjustment does not rule out the need to adopt another set of measures within the current year."

"The Spanish economy is confronted with a set of problems of structural adjustment, allocation of resources and growth which by their very nature are on a medium- and long-term scale but require action this year."

CSO: 3110

## PSOE HEAVYWEIGHTS SUPPORT MARXIST OPTION

## Carvajal on Marxist Socialism

Barcelona LA VANGUARDIA in Spanish 20 Jun 79 p 9

[Article: "Carvajal Defends Socialism at the 21st Century Club"]

[Text] Madrid, 19--"It is evident that the inspiring ideal of Spanish socialism is clearly Marxist," declared Jose Federico de Carvajal, chairman of the PSOE [Spanish Socialist Workers Party] executive committee, in a speech titled "Thoughts on Spanish Socialism" given at the 21st Century Club late this evening.

The speaker started by giving a history of the PSOE's beginnings, adding, as he expounded on the theme of Marxism, that he did not wish to enter into a polemic with this declaration but rather to point out a historical fact: "Today, after 100 years, things have taken on a different perspective and must be viewed from a different angle."

On other issues, socialist Jose Federico de Carvajal said, in short, "In our party, minorities have always been able to continue defending their ideas. Differing views that may exist have never been and will never be stifled by the majority because our internal democracy is deeply rooted and this internal democracy must be reflected outwardly in its same form.

We fully accept the constitution, and intend to respect it, without abandoning the principles that have governed the party's actions since its inception. However, we believe that certain legal and economic reforms must be instituted within the framework of the constitution to bring about a new form of society in which one of the imbalances will remain that now exist.

The capitalist society represents a clear advancement over former socialist systems and an important development in economic relations. But we socialists cannot concede that the capitalist economic system is history's final stage. Unemployment is a consequence of the capitalist economic system in that the system generates wealth at one end of the scale and poverty at the

other. The socialist alternative for fighting unemployment contemplates the funding of a public investment program, a revision of social security funding systems, and establishment of incentives so that private investment can recover its forward pace.

Our position on autonomy is to regulate the rhythm of the autonomous process so as to achieve a common level of home rule commensurate with each region's or group's autonomous aims and self-administrative capability, while strengthening solidarity among the peoples of Spain and correcting the current regional imbalances. But this must all be achieved, be it very clearly understood, while preserving the unity of the Spanish nation.

The PSOE will hold back neither its efforts nor its assistance in support of institutions, of democracy and of freedom in their fight against terrorism. The time for oratory has passed. It is now necessary to: clearly diagnose terrorism's origins and continuing causes; prepare a suitable infrastructure capable of disarticulating the armed bands; not give in to provocation; and maintain calmness. We must be firm in our fight to end terrorism.

Now as in the past, the PSOE is ready to face up to all its responsibilities. Those who think that the outcome of the 28th Congress has lessened our ability to respond are mistaken. We do not form part of the government and do not have in our hands the power to implement the measures needed to solve the country's problems. But in our capacity as the opposition we have offered our solutions and there they stand.

Tierno: Only Alternative

Madrid EL PAIS in Spanish 22 Jun 79 p 14

[Article by Joaquin Prieto: "Enrique Tierno: 'In the Face of Capitalism, the Only Alternative is Marxism'"]

[Text] "Felipe and I are against a coalition," said Enrique Tierno in an internal debate within the Madrid PSOE [Spanish Socialist Workers Party]. "The alternative to capitalism is Marxism," he declared. During his participation in the Madrid Socialist Federation's debate last night, Enrique Tierno Galvan, the "old professor," recognized the irreplaceability of Felipe Gonzalez's personal leadership of the party and attributed this situation to the fact that the party has not developed any other leader during these years. He labeled the excessive "professionalization" of the PSOE's cadres "a dangerous conservatism," and declared himself opposed to the idea of a coalition government, a view, he said, which is shared by Felipe Gonzales as well.



Enrique Tierno opened by saying that the European socialist parties have committed very serious errors stemming from the fact that they see themselves as an alternative to the government rather than as an alternative to the system. This leads, he said, to impoverishment of the political life of the parties and a movement in search of other kinds of issues.

Subsequently he asked whether constituting itself as an alternative to the system would preclude the possibility of its participating in the government, then answered his own question by saying that such an exclusion is unnecessary, without forgetting, however--he said--that the alternative to capitalism is Marxism. Declaring himself a Marxist, he said "socialism must be Marxist" and gave a rather lengthy exposition on what is Marxism, but warned that "given the lack of training within the party," he felt obliged to simplify concepts as much as possible.

During this theoretical discourse he affirmed, among other things, that the conditions and consequences of Marxism differ according to where it is practiced, but that the same Utopia underlies all Marxist solutions.

Referring specifically to Spain, he asserted that the problem consists of knowing what is left of Pablo Iglesias's message, given the differences between our society and the one he experienced. "And while it is true that we should not forget the Utopian motivation that drives us, we must, on the other hand, adapt the message to our current society and neither lose sight of overall strategy nor neglect daily tactics."

#### A Critical Moment

In this regard, he referred to the critical moment in which the internal debate within the party is taking place and alluded to the various factors that have helped nurture the crisis. Firstly, he referred to what has happened during the 40 years of dictatorship in which no proper strategy or tactic could be developed. He criticized a certain conservatism within the party cadres, which have conducted their activities from a purely "professional" viewpoint. He asserted the need to reemphasize ideals because, he said, parties that abandon their position of alternative to the system attract supporters without a capability for enthusiasm.

He also criticized the "lack of internal communication and information," as well as the lackluster manner in which certain party decisions have been explained to its rank and file. "There are also many members and officials who do not conduct themselves personally in accordance with the ideal they profess, for lack of socialist training and critique, and because criticism is being looked upon as a lack of discipline.

"In any case," he continued, "a split within the party must be avoided, since it would only serve the aims of those who wish to convert us into docile servants of the right."



Regarding the solution to the PSOE's internal crisis, the "old professor" recommended that the debate cease being an internal quarrel and that it be transformed into a demonstration "of how to formulate something with which we can all agree."

He advocated a "synthesizing" or mixed executive committee--there being no reason for it to be homogeneous--and achievement of a stamp of independence from possible pressures arising outside the party, and said there must be free expression of the diverse internal tendencies, without however including extremist ones.

Felipe and Guerra

"At this time Felipe Gonzalez appears to be an irreplaceable leader," affirmed Enrique Tierno, but attributed this situation to the error of not having known how to develop other political leaders.

As regards the internal organization he declared that "serious errors" have been committed, the principal one being that of having added major political responsibilities to the complex tasks of organization (a clear allusion to Alfonso Guerra's functions). According to Tierno, this has produced an aberration of political power which constitutes a danger for his own party.

He ended his speech with the statement that the party must be "a socialist one which for the moment accepts the Marxist theory and doctrine without metaphysical or dogmatic ingredients."

Contrary to custom after this type of speech, there was no subsequent question and answer period, as Enrique Tierno had already explained at the beginning of his speech that as mayor of Madrid he had to be at Barajas Airport at a scheduled time to greet the Spanish king and queen. He finished his speech without enough time left for questions from the floor.

This afternoon, Javier Solana, former PSOE secretary of information and current vice-chairman of the socialist parliamentary group, will take part in the debate.

Tierno: Basic Ideology

Madrid EL PAIS in Spanish 28 Jun 79 p 19

[Article by Julio Sierra, special correspondent in Bonn: "Tierno: 'Marxism Must Be Retained as Ideological Base of PSOE'"]

[Text] The PSOE's internal crisis and Marxism as the ideological base of Spanish socialism, in addition to the North-South dialog, were the main topics during a 1 and 1/2 hour meeting between the chairman of the German

Social Democratic Party, Willy Brandt, and the mayor of Madrid and former honorary chairman of the PSOE [Spanish Socialist Workers Party], Enrique Tierno Galvan, who is visiting the Federal Republic of Germany.

According to his statement to reporters during a press conference in Bonn following his political contacts in the FRG, Professor Tierno reaffirmed his Marxist position and explained to Brandt his view that the PSOE should work toward progressively greater analytic efficacy among its rank and file and in its programs. Both in his talk with the chairman of the German Social Democratic Party and in a speech delivered at the Friedrich Ebert Foundation--in the vicinity of the Social Democratic Party itself--to university professors and representatives of industry, Professor Tierno insisted with respect to Marxism and the PSOE that the southern European countries must maintain a 'Utopian outlook,' whose abandonment would mean the renunciation of a balancing factor. "Social peace is achieved neither through television nor through fun-filled weekends, but rather through political enthusiasm linked to a Utopian outlook, specifically Marxism, understood as a method of analyzing structures," he said.

In the professor's view, there is outside of Spain a mistaken idea of the character being assumed by the transition to democracy. In this regard, he emphasized in his speech the exemplary conduct of the Spanish armed forces, of society in general and of the Church [reference here is to the Roman Catholic Church], all of whom have grasped the significance of abandoning Francoism. To draw an analogous comparison with Canovaism--he continued--the present restoration of democracy in Spain stems from a similar situation, although with new factors: In Spain there exists a very active proletariat, a respectable standard of living and a high level of culture. This, Professor Tierno underlined, constitutes a guarantee that the Spanish people overwhelmingly support the process of returning to democracy.

During his 5-day stay in the FRG, where he arrived on Monday, Professor Tierno visited West Berlin as a guest of his colleague, Dietrich Stobbel. He met with the president of the Confederation of German Unions, Heinz Oskar Vetter, with the foreign minister, Hans Wischniewski, and with the president of the FRG and with the leader of the Social Democratic Party.

#### Negotiation of a Credit

He will meet today in Frankfurt with representatives of the German bank to sound out the possibilities of obtaining a loan to finance some of the Madrid municipal council's infrastructure projects. According to information obtained, the main problem in this regard stems from the need of a guarantee which only the Spanish state can provide.

## UGT, CEOE AGREE TO NONINTRANSIGENCE

Madrid YA in Spanish 11 Jul 79 p 16

[Text] An agreement was signed yesterday between the CEOE [Spanish Confederation of Business Organizations] and the UGT [General Union of Workers] by the top leaders of both organizations, Carlos Ferrer and Nicolas Redondo. Following the signing, both organizations released a joint statement setting forth that the agreement stems from realistic positions and that the parties undertake to avoid intransigent attitudes.

The CEOE and the UGT will try to "inspire mutual confidence in the workers and managements, augment investments to reduce unemployment, and involve the government in the context of the agreement to the extent necessary and appropriate."

This statement--they add--does not exclude different positions by either party. Lastly, it requests the government to consult with the organizations representing the workers and management before passing any laws or taking any major decisions on economic and social issues.

Both organizations have formed technical committees to continue studying the agreements and their application.

Both the CEOE and the UGT called press conferences yesterday with regard to the agreement. In the view of Jose Maria Cuevas, secretary general of the CEOE, the agreement signifies the adoption by Spain of the course followed by the majority of the European nations. Cuevas added that this is not a social pact, in that were it such it would have to include a number of other and broader economic issues than those addressed in the signed agreement. Cuevas concluded by inviting Workers Commissions to accede to this agreement at any time and to negotiate in depth on any other issue.

Nicolas Redondo, for his part, stated that the results of the negotiations are highly positive and that he hopes to start negotiating with the government by the end of this week or the beginning of next. Redondo stated that this agreement achieves a breakthrough on the issue of union presence within the business establishment.

The union leader added that he considers it frivolous to assert that the UGT has broken the unity of action, since action can be taken as much within a context of confrontations as within one of talks. He also stated that the agreement does not constitute a social contract.

#### Basic Points of the Agreement

We have outlined below the basic points of the complete agreement (30 pages):

--Recognition of union sections in business establishments with more than 250 employees, as being empowered to negotiate collectively within that establishment.

--Elimination of arbitrations.

--Labor organizations with 10 percent or more of the establishment's workers' committees and delegates of the personnel, and management organizations with 50 percent or more of the establishment's permanent employees, are empowered to represent and negotiate within that establishment.

--Recognition that trade unionism issues can be negotiated within the framework of labor union contracts.

--Presence and involvement of representatives of the workers throughout the processing and transacting of necessity layoffs, job changes and part-time labor contracting.

--Workers who lose their jobs through necessity layoffs should receive 100 percent unemployment compensation.

--Laws should not contain provisions that facilitate antilabor union practices in establishments, such as constraints on union affiliation, discrimination, etc.

--Speeding up of the transactional phases of necessity layoffs with union involvement

--Request the government to immediately activate the National Employment Institute and the Social Security Institute, with the labor unions entitled to representation and administrative and management involvement in both institutes.

--Lastly, the CEOE recognizes the need to increase wages and salaries in view of the 6.5 percent granted by the government last December. This increase will be automatically applied to all labor agreements based on prices and will be calculated on real wages and salaries.

## GUARDIA CIVIL IMPROVES QUALITY OF WEAPONS

Barcelona LA VANGUARDIA in Spanish 20 Jun 79 p 16

[Text] Madrid, 19 (Europa Press)--The Guardia Civil has received an important shipment of automatic rifles which shoot in bursts, with the purpose of replacing other firearms with less effectiveness.

The new guns are "Cetme" rifles made in the Santa Barbara factory and sub-machine guns named "Z-70" from the "Star" company. The approximate value of the rifles is over 20,000 pesetas, and that of the submachine guns 10,000 pesetas.

According to the same sources, the police authorities plan to replace systematically the long guns with single-shot operation with automatic or burst-firing arms. Presently 60 percent of the civil guards have automatic guns, with the remainder still using the old long rifles.

The Guardia Civil does not plan to buy revolvers in replacement of pistols, as the National Police have done. Arms experts have said that the revolver is more practical over short distances. However, the Guardia Civil has begun to buy intermediate pistols between the short and long "Star" 9 mm. guns which will use the 9 mm "Parabellum" ammunition which is being introduced in the army also.

Regarding the proper use of each type of weapon, well informed sources have noted that the "Z-70" is being issued gradually to the majority of guards who serve in ordinary capacities, while the "Cetme" is destined for mobile units and the reserves, as well as coastal and border units and control squads, among others.

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## ARMY RECEIVES ADDITIONAL AMX-30'S

Madrid EL PAIS in Spanish 27 Jun 79 p 16

[Text] The last of the series of 180 AMX-30 tanks ordered by the Spanish army yesterday left the Las Canteras plant of the Santa Barbara national firm in Seville. Present for the ceremony honoring the occasion were Spanish and French military dignitaries. The army has ordered a second series of 100 tanks.

More than 60 Spanish firms have taken part in making these tanks, with special collaboration from the INI [National Institute of Industry] Bazan Company, Experiencias Industriales, ENOSA AND ENASA [expansions unknown] as well as Spanish Shipbuilding and the private firms Placencia de las Armas, Ugo e Iruna, and others. The degree of national control of the AMX-30, which is under French patent, is over 75 percent.

Visiting Seville yesterday were Gen Francois di Pace, director of Giat, which includes the most important French manufacturers of land military equipment, Gen Gaudin, president of Sofma, which includes the French arms firms, Gen Gutierrez Benito, Arms and Materiel director, and Gen Esquivias Franco, army director for supply operations.

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## BRIEFS

GAS RESERVES--According to the seismological studies done by CAMPSA [Leasing Company of the Petroleum Monopoly, Inc.], the usable reserves resulting from the Atlantida-2 test amount to about 2,000 cubic meters, equal to half the total capacity of the deposits discovered to date which are to be developed. This was made known to ABC by reliable sources. At present drilling has gone 1,500 meters deep, where a deposit 50 meters across was found. CAMPSA plans to keep drilling until about 2,500 meters to obtain evidence from the Jurassic period and it is hoped that the definitive information will be available in 3 to 4 weeks. Also, CAMPSA hopes to be able to expand two or three times the estimates of present reserves thanks to the four or five new tests which have just recently begun or are about to begin. The important Atlantida-2 deposit is quite important for the region since in the province of Huelva there are various fertilizer plants which depend directly on petroleum. The same sources stated that there is a joint project including CAMPSA and ENAGAS to carry out distribution programs, including use by homes. Also CAMPSA plans to intensify its testing, and specifically has let to bid two new permits for testing about 50 kilometers south of Huelva, awarding them to CAMPSA and ESSO. [Text] [Madrid ABC in Spanish 8 Jul 79 p 40] 11989

URANIUM NOT EXPLOITABLE--A meeting was held yesterday morning at the headquarters of the Provincial Delegation of the Ministry of Industry and Energy of Barcelona including high officials of this department and the Nuclear Energy Board as well as representatives of localities affected by the permits issued for searches for uranium ore in Barcelona province. At the present time the project includes only searching for deposits; this does not in any way imply that exploitation must follow. It was stated that so far no deposit has been found in Catalonia which could be exploited, in spite of the fact that the investigations began here more than 15 years ago. Not even the Calaf deposits, which are estimated at 40,000 tons of uranium in the lignite ores of the area, are commercially valuable. Regarding the affected localities' request for public debate on the uranium mining issue, the Administration representatives stated that they will relay the requests to the authorities of the Nuclear Energy Board. [Excerpts] [Barcelona LA VANGUARDIA in Spanish 20 Jun 79 p 16] 11989

## DEFENSE COMMITTEE SEES NORTH, SOUTHWEST AS KEY AREAS

Stockholm DAGENS NYHETER in Swedish 28 Jun 79 p 6

[Commentary by Dick Ljungberg: "Unanimous Defense Committee: Commit Resources in the North and Southwest"]

[Text] The defense of upper Norrland and the southwestern portion of the country ought to be given special attention, while the defense of central Sweden may be kept at a somewhat lower level. This is the opinion expressed by the 1978 defense committee in its first partial memorandum which deals with Swedish security policy. The committee succeeded in agreeing.

The committee is to develop foundations for the five-year defense decision to be made by Parliament in 1982. According to the directives the committee is to work with as much openness to the public as possible.

The present guidelines for the security policy will not be changed. On the other hand, a small change will be made in the goal of the total defense. The committee wants to put priority on the defense of northern and southwestern Sweden on the basis of economic and other conditions.

"This must of course not imply that it will become more favorable for an aggressor to use the central portions of Sweden," the chairman of the study committee, Gunnar Nordback, said at a press conference on Wednesday.

The committee determined that it must be possible to defend all parts of the country against an attack wherever it may come from.

But upper Norrland can have strategic value for the power blocs through the Soviet base construction on the Kola peninsula for, among other things, submarines equipped with nuclear weapons. And southwestern Sweden is an important area for controlling the outlets of the Baltic Sea.

## Thoroughfare

The central portions of the country can be regarded as natural thoroughfares to these targets primarily if the belligerent powers believe that the war will

be lengthy, the committee believes. This is why a deterrent effect against invasion there can be maintained at slightly lower strength.

This priority designation has caused the only objection in the report of the committee. It is the expert, Chief of the Defense Staff Bengt Schuback, who in a special statement writes that he is unable to share the view "that a deterrent effect can be achieved at a somewhat lower level in central Sweden where the majority of our population, the central leadership and important means of supply are located." In a comment, Chief of Staff Lennart Ljung also agrees with that criticism.

One passage in the present objective of the total defense has been deleted by the committee, namely that "defense against invasion is to be the most important task of the military forces." This has been interpreted in various ways.

"The deletion means no change in the actual meaning of the purpose," Gunnar Nordback said, however. "But the wording about defense against invasion could be misinterpreted, and that is why we conclude that the most important task of the defense is to maintain peace through its ability to deter war."

An isolated attack on Sweden is judged to be unlikely by the committee, since our country has no area of direct strategic interest to the great powers. Control over such areas in our vicinity does not necessarily presume control over Swedish territory.

The probability of a deliberately started war in Europe is also small, but the risk exists due to the enormous military resources in Central Europe of the great powers. Conflicts occurring in other parts of the world can also spread to Europe through the interference of the big powers.

It is considered out of the question that Sweden could be a primary target for nuclear weapons. If escalation of a war in which Sweden is neutral takes place it is unlikely that the belligerent sides will contemplate a geographical escalation of the war, but we may be subjected to side effects. If nuclear weapons are employed once Sweden has already been attacked, no special restraint can be expected against Swedish territory.

#### Importance

The Nordic area has gained increased strategic importance during the last 10 years and activity by the big powers in the Nordic area has therefore grown.

This is why the committee emphasizes that if stability in the Nordic countries is to be maintained it is required that all nations concerned must be cautious in changing their security-political arrangements.

"This memorandum will for example be analyzed in detail both in Washington and Moscow," Gunnar Nordback said.

The committee will now continue its work. It does not consider civil defense to be an alternative to military defense, but it wants to study how civil defense in combination with other forms of resistance could function if Sweden were to become totally or partially occupied.

The committee agrees that the total defense should continue to build on compulsory military service, civil defense duty and other forms of compulsory service. But they will also take a closer look at the forms of these duties.

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## SYNNERGREN URGES GREATER CONCENTRATION OF PRAGMATIC ISSUES

Stockholm DAGENS NYHETER in Swedish 22 Jun 79 p 2

[Commentary by Col. Carl Bjoreman of the Defense Staff: "A Pragmatic Synnergren Strangled the Debate of Ideas"]

[Text] Col. Carl Bjoreman, employed at the Defense Staff, here continues the DAGENS NYHETER defense debate with an analysis of views and evaluations of the defense issue. In the first article Bjoreman brings up, among other things, the role of former Chief of Staff Stig Synnergren in the defense debate. "Synnergren has sought pragmatic solutions and the debate of ideas has thereby been pushed into the background," Bjoreman believes.

The established views on the defense issue have remained the same for 30 years. The main points are:

- 1) The defense is to have a preventive/deterrent effect. An attack on us should cost more than it is worth. The defense thereby serves to maintain peace.
- 2) Military defense is the nucleus of the total defense. The capability of defending against an invasion is its most important contribution toward maintaining peace.
- 3) Military defense is to build on the principle of compulsory military service.
- 4) We are to develop and manufacture by ourselves the main part of the weapons we need.

During the 1950's and the beginning of the 1960's there was agreement on these points. The four big parliamentary parties, their newspapers, defense researchers, the military leadership with the chief of staff at the head, the materiel administrations and the defense industry shared the same view of our defense problems.

But as the allocation of real resources has declined, so has agreement.

Today the industrial interests are emphasizing point 4 (the defense industry) at the expense of point 3 (compulsory military service). Researchers and scientists advocate different views; some have arrived at the same conclusion as the industrial interests. More surprising is that the political parties have allowed shifts in the evaluations to take place practically without debate.

Within the highest military leadership the views of points 3 and 4 and their application have become strongly divergent. In the end almost the sole remaining champion who favors all four points is Stig Synnergren.

Stig Synnergren sought pragmatic solutions. The debate of ideas thereby became obscured. The foundations of the defense issue were not debated outside -- perhaps not even within? -- the innermost circles during the period they were actually questioned. The studies referred to in the various proposals of the chief of staff before the defense committees were considered difficult to understand and to check. The absence of a debate with a long-term aim in itself constitutes a point of attack and in practice has provided various groups in military defense with the opportunity for pursuing special interests under the guise of formal unity.

Researchers in the defense establishment have expressed "the opposition of the intellectuals" against the established views. Prof Nils Andren at the Defense Research Institute writes for example in "International Development and Swedish Research Doctrine:" "To put it all in a nutshell, it can be said that the concept of the conventional large-scale attack with reasonable preliminary warning as the dominating military threat makes it easier to adhere to a military service defense of the traditional kind, at least to the extent that this form of defense must be motivated by demands for military efficiency." This cannot be understood as anything other than criticism of points 2 and 3.

The book "Eleven Opinions on Swedish Security Policy" can be viewed as a summary of the criticism, although there is quite a broad span between the views. All the authors agree that the world will continue to be filled by conflict. However, the deterrent purpose of the total defense, primarily of the military defense, is strongly questioned by at least four authors (Myrdal, Wallensten, Wiberg, Akerman). As regards the balance within the defense forces, a discussion which usually revolves around point 3 above, only two of the Swedish authors, and the Finn Jansson and the Dane Haagerup, are not critical.

There has not been much actual debate around the book. But it has affected or provided arguments for those who create public opinion and for politicians.

The Conservatives, to use one example, in their party resolution concur with a threatening picture which agrees with the one embraced by the majority of the authors of "Eleven Opinions" and which has been formulated by Johan Tunberger in the following manner: "It (is) probable that the attacking side tells



itself it must limit its targets geographically and try to reach them very rapidly before the adversary has organized himself politically and militarily."

"The opposition of the intellectuals" implies that no unanimous solutions on defense can be reached in silence at the highest level.

The great merit of a debate to which "the opposition of the intellectuals" has contributed is the analyses of the situation in the world. The weakness is the lack of analysis of possibilities for military action, both for a potential attacker and for us. There is risk that many people will draw simplified conclusions of the type: "During a limited (from the viewpoint of a big power) attack it is enough (from our viewpoint) to have a limited defense."

In my opinion we right now have a distorted basis for evaluations and opinion formation on the defense issue.

On the one hand are the established views, which are founded on extensive but hard to get studies regarding the possibilities for military action in wartime. However, the security-political and strategic prelude to war, military threats and pressures against us, are meagerly accounted for and do not inspire a scrutinizing and evaluating debate.

On the other hand is the opposition to these established views which primarily aims at and enriches the debate about the security-political and strategic conditions but which is superficial when it comes to the possibilities of carrying out military operations or other forms of attacks in practice.

Can we improve the basis for evaluation and formation of opinion by combining the merits of both "camps?"

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## ARMY TO PREPARE FOR DIFFERENT BUDGETARY CONTINGENCIES

Stockholm DAGENS NYHETER in Swedish 28 Jun 79 p 6

[Commentary by Henric Borgstrom: "Dilemma of the Chief of Staff: Will He 'Arm' or 'Disarm'?" ]

[Text] On Wednesday Chief of Staff Lennart Ljung was given the task by the government of analyzing what might be called armanent or disarmament alternatives for the military defense up to 1992.

"Armanent" would mean an annual increase in the defense allocations of 1 billion crowns for 1982-1987 and 2 billion a year during 1987-1992 from about 13.6 billion (cost level as of Feb 1979).

"Disarmament" would mean an annual reduction of the defense expenditures by 600 million crowns per year.

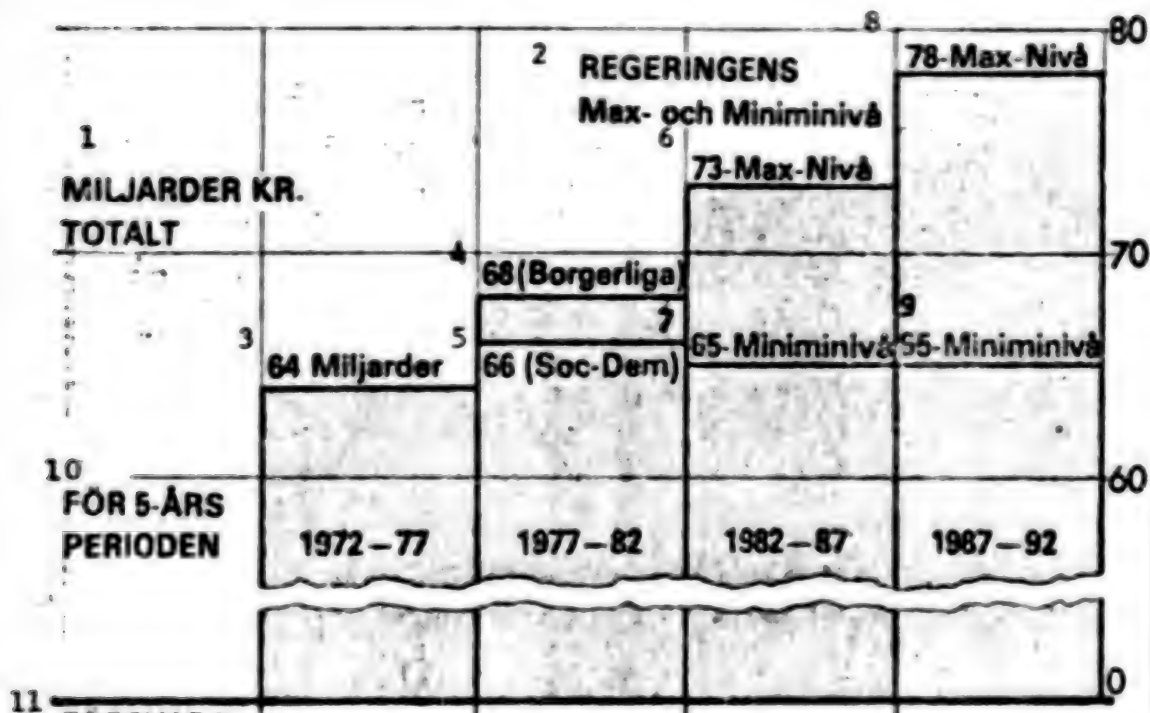
"But we do not want finished solutions for what the defense is to look like. Instead, the chief of staff ought to furnish the politicians with various building blocks which may be exchanged and which would then affect the defense expenditures upwards or downwards," says State Secretary Gunnar Petri at the Department of Defense.

"The politicians should thus be able to exchange for example an airborne attack division for a tank brigade and see what this will mean economically," he thinks.

There are numerous preconditions for the work of the chief of staff with the long-term plans:

- 1) If the costs of compulsory military service lead for example to a sharp decrease in weapons purchases, the chief of staff will study "another way of action."
- 2) In recent years the permanently employed personnel of the defense establishment has decreased by 500-600 persons a year. The chief of staff can analyze what special measures are needed in order to further accelerate the rate of cutbacks.

Defense Expenditures; Price Level of February 1979.



- Key:
- 1) Billion crowns; Total
  - 2) Government's maximum and minimum levels
  - 3) 64 billion
  - 4) 68 (Bourgeois parties)
  - 5) 66 (Social Democrats)
  - 6) 73 -- Maximum level
  - 7) 65 -- Minimum level
  - 8) 78 -- Maximum level
  - 9) 65 -- Minimum level
  - 10) For the five-year period
  - 11) Defense decision of the year

In the two columns at left are shown the expenditures for military defense already decided on for the 1972-1977 and 1977-1982 five-year periods, in accordance with the defense decisions of 1972 and 1977. The proposal of the Social Democrats for 1977-1982 is a total of 2 billion crowns lower, that is to say 400 million crowns annually.

In the two columns on right are shown the frameworks of expenditure now to be studied by the defense staff for the coming five-year periods. The difference between the highest and lowest defense costs for 1982-1987 is 8 billion crowns, that is to say 1.3 billion a year, and for 1987-1992 13 billion crowns, meaning 2.6 billion a year.

As comparison may be mentioned that the cost of military defense for 1981-1982 is estimated at a total of 13.6 billion (all at the monetary value of February 1979).

- 3) A need exists for improved readiness in peacetime as well as mobilization security. The chief of staff is to propose such measures, in particular for the most important parts of the country from a military aspect, upper Norrland and southwestern Sweden (Oresund).
- 4) The chief of staff is to study so-called readiness units which can be deployed rapidly without the surrounding world interpreting it as mobilization.
- 5) The weapons industry must be retained for "certain activities."
- 6) The aircraft issue is still unclear. The chief of staff is to assume, however, that the country will maintain essential development and production capacity in the field of guided missiles.
- 7) The chief of staff is to study additional possibilities for utilizing civilian resources, both in personnel and materiel, in the defense.

The studies by the chief of staff are to be submitted to the government no later than 25 June 1980. During 1981 a detailed plan for the years 1982-1987 will be worked out, based on the proposal of the defense committee, among other things. Parliament will then adopt the new defense program in the spring of 1982.

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## SIGNS OF 'FINLANDIZATION' PERCEIVED IN SWEDEN

Stockholm SVENSKA DAGBLADET in Swedish 17 Jul 79 p 3

[Commentary by freelance journalist Christer Lundgren: "'Finlandization' in Sweden"]

[Text] For some time Maj Britt Theorin, Maj Wechseltmann and their sympathizers have conducted an intense campaign on radio, in television and leading newspapers in order to convince all of us, in particular the women, that "all experts agree" that if any threat of war exists it comes from West Germany, the United States and China. Only the hawks in the United States see any threat from the Soviet Union. Since "all experts" share this view, a debate is obviously superfluous.

Television's Second Program thus saw itself free to broadcast in rapid succession Wechseltmann's programs in the series "World War III," one called "Document From Outside" and one called "The Hedgehog" with the same message.

This would not in itself be so remarkable if other mass media had seized the opportunity to start a serious debate around the threatening picture and defense.

## One-Sided

But that debate has largely failed to appear. The SVENSKA DAGBLADET is silent. On the cultural page of the DAGENS NYHETER a well-directed discussion is being conducted about the possibilities of NATO to track and eliminate the nuclear missile submarines of the Soviet Union.

The AFTONBLADET allows Wechseltmann to call television's foreign commentators NATO propagandists. And when Margareta Zetterstrom pointed out in the EXPRESSEN that many of the female peace debaters are silent on the subject of the threat from the Soviet Union she gets to hear from the cultural editor of the newspaper Bjorn Nilsson that she has written "an ordinary composition on an ordinary subject."

At a time when there is widespread international debate on issues concerning the danger of war in Europe, the strategies of the superpowers, detente and

the arms race, peace and defense, Sweden, in comparison with other Western European nations, has a strikingly one-sided discussion.

#### Death Penalty Taboo

Here there is no right wing with the outspokenness of the British Tories, which might balance the pressure on public opinion forced through by Soviet-sympathizing groups.

Maj Britt Theorin's phalanx in the Social Democratic party has strengthened its position considerably after the most recent party congress. The party leadership no longer openly defends its fundamental view the way it did in 1975.

The Liberal Party, which is a member of the government owing to the charity of the Social Democrats, pays with increased aid to Vietnam.

In the state system there are studies on how Swedish authorities will be able to continue to function normally under a Soviet occupation. The watchword "Every Announcement to Cease Resistance Is False" is quietly being changed to "Every Announcement to Cease Mobilization Is False." SIDA [Swedish International Development Agency] is giving "journalistic scholarships" to Soviet propaganda from occupied Cambodia.

In the "Focus" television broadcast Jan Myrdal recently pointed out how the editorial page of the DAGENS NYHETER refused to publish a rebuttal of Per Wastberg's editorial about capital punishment, in which Myrdal personally was singled out. The issue of death penalty for traitors in wartime may not be discussed in our largest morning newspaper.

In the EXPRESSEN there is a discussion of the coming world war. But not about what the threat looks like and how the defense ought to be shaped, but about how the terror is felt.

In London a report was recently published by the International Institute for Strategic Studies, "Strategic Survey 1978."

This is a publication which ought to add perspective to the Swedish debate.

#### Soviet Interference

The report states that the Soviet Union in 1978 moved its strategic attention from Africa to the string of countries near its own borders, in particular Norway, Afghanistan and Japan.

"The pressure on Norway and Japan was particularly pronounced, countries which control the passages from the two most important fleet bases of Murmansk and Vladivostok."



"In northern Europe the Soviet Union was believed determined to create precedents in order to justify special rights in an area of great strategic importance -- even if this would mean tense relations with Norway."

As is well known, Sweden also belongs to the string of countries near the borders of the Soviet Union. Sweden as well has felt the demands of the Soviet Union for "special rights," when it comes to drawing up a border in the Baltic, among other things.

Although the Soviet leaders in 1979 tactically concentrated their attention on Southeast Asia there is no reason to believe that they have given up the attempts to "create a zone of countries which respect the interests of the Soviet power" along its borders.

In issue 8/9 1979 of VARNPLIKTSNYTT press spokesman Nikolai Neiland of the Soviet Embassy makes a remarkable entrance into the Swedish election debate. He there maintains that the bourgeois government is in the process of abandoning the policy of neutrality since Sweden has become a member of the IIB [Inter-American Development Bank], since the government can permit arms sales to China and Fidel Castro has not been asked persistently enough to visit our country. Neiland also makes it perfectly clear -- although in cautious words -- that Moscow would rather see a Social Democratic government in power than a bourgeois one.

#### 'Finlandization'

Normally, such interference in the internal affairs of Sweden would cause at least a protest, but so far it has passed unnoticed.

In Norway an open discussion is being conducted about issues such as these. In Finland people are at least conscious of the "Finlandization." The question is whether Sweden as well -- despite its favorable preconditions for pursuing an independent policy -- is not becoming "Finlandized."

Censure and self-censure based on tactical considerations and wariness of the big neighbor in the East occur to a considerable extent. But the debate is also deliberately maneuvered by certain groups within mass media and the state system.

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## MILITARY DEPARTMENT AUTHORIZES NEW WEAPONS TRAINING GROUND

Zurich NEUE ZUERCHER ZEITUNG in German 12 Jul 79 p 17

[Article by th: "Utilization Concept for the Reppisch Valley Weapons Training Ground--Installations Not To Be Completed Until 1986"]

[Text] Following an intensive plebiscite campaign, the people of Zurich approved in December 1975 a law dealing with the removal of the Zurich Weapons Training Ground and thereby authorized an overall budget of 123 million francs for new installations in the Reppisch Valley. There are hardly any visible changes in that idyllic valley to date; but the federal, cantonal and local authorities have in the meantime produced a Weapons Training Ground Concept and worked out a time schedule. The chief of the Military Department, Konrad Gisler, along with military and civilian experts, presented these plans in a press briefing. On that occasion, he stated that the new weapons training ground would be fully operational during the middle of 1986.

## Different Objectives

The Weapons Training Ground is situated on 300 hectares which belong to the political jurisdiction of the communities of Urdorf and Birmensdorf. While the Reppisch Valley has hardly any inhabitants, the problem of environmental impacts attracted considerable attention even prior to the plebiscite, because the neighboring communities are not far away. Furthermore the valley should continue to be available to the population as a recreational area, while at the same time providing the best possible military training. In discussing these two widely separated objectives, Regierungsrat Gisler noted that it would never be possible to accommodate equally the wishes of local residents and the requirements of an optimal military training ground. However, the Military Department had been careful from the very beginning to work closely with the neighboring communities, he said; this is reflected in the participation of the Urdorf and Birmensdorf communities in the weapons training ground commission and in the committees of experts. Also, the Canton briefed the communities several times on the utilization contract. A further innovation consists of the appointment of an Operations Commission, to which the population will be able to present any complaints. The Federal government was not too happy about this originally, but at present even the Bern people are convinced of its necessity.

## Military Planning

W. Haab, chief of the Weapons and Firing Range Department, represented the Federal government in dealing with the Reppisch Valley Weapons Training Ground. Of the 38 weapons training grounds which are currently operational, 12 belong to cantons and communities, the rest to the Federal government. In only a few cases, the firing ranges themselves belong to the cantons; therefore, the Reppisch Valley Weapons Training Ground will be a special case requiring contractual regulations. The three major problems in military planning are the following: the size of the barracks, in view of the gradual decline of the number of recruits; secondly, mention must be made of the poor financial situation of the Federal government; and third, cooperation with neighboring civilian communities.

The military utilization concept was then presented by Col R. Binder of the Weapons Training Ground command. The installation is designed to accommodate five units: 3 rifle companies, one headquarters company, and one heavy weapons company. The weapons training ground should be designed to accommodate simultaneous operations by four companies, with the fifth remaining in the barracks area at the valley entrance near Birmensdorf. Four firing ranges are to be constructed in the Reppisch Valley itself, and a fifth in the Utierliberg-Haederliberg area, for use of training ammunition exclusively (for details, see the accompanying map). Binder corrected a statement previously made by military authorities, according to which no trench mortars could be used. That statement was the result of a misunderstanding concerning air traffic lanes. Actually, a modest amount of trench mortar firing, using training ammunition, is planned for the Haederliberg area.

## Arguments About Firing Schedules

One of the major arguments between the military authorities and the communities concerns firing schedules. The utilization concept is based on 180 firing days and limits night firing to a maximum of 100. Oberst Binder noted that last year there were 185 firing days in the Reppisch Valley, where limited troop training has been going on for several years. During 30 nights live ammunition was used, but blank ammunition was used throughout the year during night hours. A new solution was looked for which would limit the number of night firings regardless of type of ammunition. It would not permit firing on Saturdays and Sundays. In addition, the draft utilization contract provides for specific time limits. During daytime, firing lasts from 0700 to 1900 hours; in the evenings until 2200; during the May-October period until 2300 and in exceptional cases during the height of summer until 2300 hours. Binder justified the time extension beyond 2200 hours with the fact that night vision devices were to be used. They require total darkness, which arrives relatively late in summer.

The provisions of the contract with the Federal government about the time and location of training ground use require approval by the cantonal council. While the representative of the Birmensdorf community commented positively

during the press briefing concerning cooperation between the Training Ground Commission and the community, Urdorf has already protested vehemently against the proposed night firing schedule and the use of trench mortars. It was stated that the population would be exposed to much more frequent and longer-duration noise from night firing than had been announced during the preplebiscite period. The Urdorfers had gained the impression that they had been misled, either through negligence or on purpose, just to push through the proposed law. A counterproposal by the community called for 150 days, with a maximum of 60 night firings; the only concession made was that the first year would be considered a test operation. The Urdorf community council accuses the Weapons Training Ground Commission of having completely ignored the community's objections. At present, the Urdorfers hope that the cantonal council will make the necessary changes prior to approving the contract.

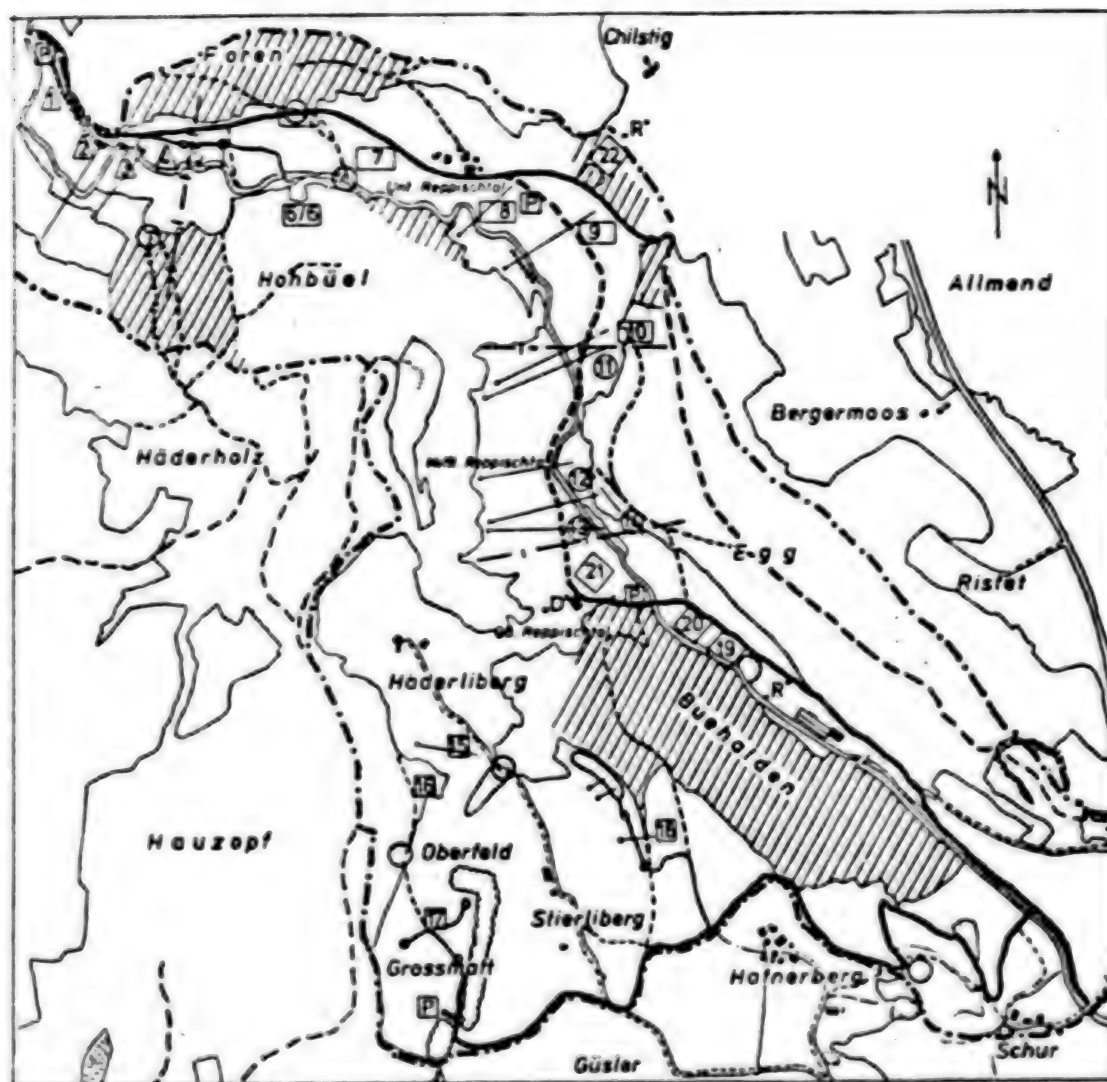
### Budget Contract Proposal

The financial agreement between the Federal government and the canton has not yet been concluded. According to the contract proposal, the canton pays for the land, the access roads to the weapons training ground and for the woodland hiking paths which are to a large extent designed for use by tourists. The canton will further contribute 20 percent of the cost of barracks buildings, including sports facilities. The Federal government is to make an outright grant of 50 percent and provide a loan for the remaining 30 percent. The canton will also contribute 20 percent to the cost of road construction inside the training ground area. The Federal government will pay for their upkeep according to accounts submitted, but at a minimum of 150,000 francs per year. The training schedule for the Reppisch Valley Weapons Training Ground will probably consist of two annual basic training courses, two non-commissioned officer courses and two or three officer courses. Considering any overlaps, this corresponds to an average utilization of 40 weeks per year. When fully operational, the weapons training ground will contain 800-820 personnel and 80-90 military vehicles.

### Agriculture and Forestry

In the context of the construction of the Reppisch Valley Weapons Training Ground there is a need for monitoring continuing agriculture and forestry land use, the protection of natural resources and construction of recreational facilities. In the valley itself, only the landscape will be cultivated, which spells the end for current-day agriculture activities in the middle Reppisch Valley. The farmer is therefore confronted with the decision on whether to raise sheep on a lease basis, or whether he should seek help from the canton in creating for himself a new occupation away from the weapons training ground. Two farms in the Stadelberg-Saederberg area will be eliminated; but there are plans for constructing one or two new medium-sized farm enterprises in the vicinity. Most of the Reppisch Valley areas which need protection are woods, which will require specific regulations. For the benefit of the population there are plans for supplementing the road net with hiking trails. Additional plans call for rest areas.

## Die geplanten Schiessplätze



The sketch shows the planned firing ranges in the Reppisch Valley. Five ranges are planned; four in the valley, one in the Stierliberg-Haderliberg area, where trench mortars can be fired (with training ammunition only) and where there are also plans for the installation of [training] battlegrounds [simulating] towns and wooded areas. In the north the weapons training area is bordered by the community of Urdorf; in the northwest by Dietikon (upper left) and in the southeast (lower right) by Birmensdorf. The facilities of the five firing areas are numbered from 1 to 22 on the diagram.

Area I: 1. Combat route; 2. 300 meter firing range; 3. Combat firing range (200-300 meters), Rietaeher; 4. Hand grenade and high explosive storage facility, Rietaeher.

Area II: 5. Combat firing and house-to-house combat facility, Rietaecher/Weidacher; 6. Live hand grenade throwing range and sharp shooting facility, Felixholz; 7. Mine field facility, Retaeher; 8. Combat firing and attack range, Schuermatten; 9. Antitank and combat firing range, Schuermatten; 10. Machine gun combat firing range, Aecherli.

Area III: 11. Combat firing range, Riet/Aecherli; 12. Combat firing ranges (2), Chueweid; 13. Detonation area (ignition materials only), Schuermatten; 14. Machine gun combat firing range, Egg.

Area IV: 15. High trajectory firing facility, Oberfeld; 16. Wooded area combat facility, Oberfeld; House-to-house combat facility, Stierliberg; 18. Close range antitank and tank overturning facility, Hinterfeld/Hafnerberg.

Area V: 19. Minefield facility, Maetli; 20. Close range firing facility (30, 50, 70 meters), Maetli; 21. Cross-country ski training run; 22. Message and observer training post, Urdorfer Rebberg.

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## DEPUTY STATES NSP WOULD SUPPORT JP MINORITY GOVERNMENT

Istanbul CUMHURİYET in Turkish 24 Jun 79 pp 1, 11

[Excerpts] CUMHURİYET News Center--As Suleyman Demirel, chairman of the Justice Party [JP], continued its attack on the TRT [Turkish Radio, Television Corporation], describing it as the regime's leading problem, an NSP [National Salvation Party] official announced that a JP minority government may win its party's support.

Konya Deputy Sener Battal, who is the spokesman for the NSP group in the National Assembly, stated that the NSP would support from the outside a JP minority government. He also said he believed that, after the transfers are completed by July, the opposition will have 226 votes.

However, Battal expressed disapproval of interparty transfers. "In early 1978, during the formation of the Ecevit government, the RPP did exactly what the JP had done in 1969," he complained. "Don't ring anybody's doorbell, they may, later, ring your doorbell, they say. What is happening now is a perfect illustration of that saying."

Meanwhile, another NSP official, Secretary General Oguzhan Asilturk, claimed that all that is left to do to bring down the government is a matter of formality. "We expect that formality to be completed by next Tuesday," he added.

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## 'CUMHURİYET' COLUMNIST URGES SUSPENSION OF DCA TALKS

Istanbul CUMHURİYET in Turkish 25 Jun 79 p 3

[Article by Ali Sirmen in his column "Today in the World": "What Kind of Friendship?"]

[Text] By a vote of 303 to 107, the U.S. House of Representatives rejected President Jimmy Carter's Turkish aid proposal, under which \$50 million would have been in the form of a military grant and \$100 as economic assistance. Republican Congressman Findley of Illinois supported the President's request, arguing that Turkey is in a difficult position and that delaying assistance may bring down the government in Ankara and endanger the political stability in the country. Congressman Findley's warning, obviously, did not change the vote of the majority.

The U.S. House of Representatives rejected assistance to Turkey because of Turkey's 1974 Cyprus operation. There is no question that the justification the House offers for its rejection of aid to Turkey has lost its validity in the light of the U.S. Congress's own past actions. We all know that the House has approved assistance in amounts far more than \$150 million to countries which, unlike Turkey that undertook a military operation within the rights and responsibilities of an international agreement, are violating human rights or the territorial integrity of their neighbors by full-scale attacks.

It is public knowledge today that, not Ankara's, but the Greek Cypriot administration's and Athens government's attitude is the obstacle to the solution of the Cyprus problem. Had the members of the U.S. Congress, rather than succumbing to the propaganda of the Greek lobby in Washington, studied the facts on Cyprus and listened to the voices of the individuals and political parties in the Greek Cypriot community critical of the Greek Cypriot administration's intransigence, they would have discovered the source of the difficulty.

We must hasten to add that Turkey's deliverance from the current crisis, which has spread far beyond the economic field, is not contingent upon

financial aid from the IMF, EEC, or any other source, as much as it is dependent on the removal of internal structural deficiencies which produced the crisis. Besides, the assistance from those organizations or countries, by the virtue of the conditions accompanying it, will bring harm more than help.

Let us momentarily turn away from that aspect of the issue. The United States is Turkey's ally within NATO. Moreover, it has special bilateral relations with Turkey and maintains military bases on Turkish soil. When Washington approaches Ankara with a request, it supports the request with the friendship argument, but when the topic under discussion is assistance, which, in terms of its amount, is really inconsequential, the friendship argument is cast aside. This is not an easily explainable attitude.

This was not the first such decision emanating from the House and we suspect it will not be the last time either that the U.S. legislative body will take such an attitude toward Turkey. Ankara has witnessed many of its gently urged requests turned down.

It is also very interesting that the latest decision of the House comes at a time when Washington is making new demands on Turkey.

There are ongoing discussions between Ankara and Washington on the status of the U.S. bases in Turkey. Moreover, Washington, to gain the Congress's approval for the SALT II treaty it signed with the Soviets, wants its U-2 planes to fly over Turkey to monitor our northern neighbor's compliance with the treaty.

Any [Turkish] government, independent in domestic and foreign policies and bent on finding lasting solutions to the country's economic problems, must give serious thought to the issues of U.S. bases, Turkish-American relations, and Turkey's function within NATO.

The first thing we must do, however, is to suspend the talks on all questions and to halt the operation of U.S. bases by a unilateral decision, until the U.S. Congress changes its hostile attitude toward Turkey. To warn about what such a step may cost to the government in power is useless because risks and dangers have appeared even as Turkey maintains a friendly posture toward the United States.

We believe that this is the only step which may compel Washington to change its attitude toward Turkey.

We must bear in mind that the most powerful lobby in the United States is the White House, and it goes into action only when it finds itself in a very tight position.

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## SECURITY FORCES SMASH TPLP-F, MLAPU CELLS

Istanbul HURRIYET in Turkish 28 Jun 79 p 8

[Article by Yildirim Cavli]

[Text] After years of fruitless efforts, security forces can finally boast of a major breakthrough in their drive against illegal organizations. They have been able to complete a chart which traces the evolution of two powerful militant organizations. Both of these organizations are, to a large extent, disbanded.

The cells broken up by authorities belonged to the Turkish People's Liberation Party-Front [TPLP-F], sometimes referred to as the "Party-Front," or the "Front Action Unit," and to the Marxist-Leninist Armed Propaganda Unit [MLAPU]. Central committee members of both organizations were identified and most were either captured, or were shot. Security authorities attribute the success of their drive to two factors, which they describe as the effectiveness of the state forces and the mistakes the militants committed.

The "success" of the operations launched by the state's security forces is largely due to the following, according to authorities:

a) Rapid coordination among geographically separated units: Information obtained in Izmir, for example, was put to effective use within 48 hours, or less, in Istanbul and Sakarya, or reports from Istanbul were acted upon in Antalya and Diyarbakir within an equally short timespan. In the past, security forces limited themselves to their own province, and it took several weeks for intelligence reports from one province to reach others via the central organization.

b) use of different types of security forces and different types of operations: Police teams, gendarmerie or army units were used alternately for various types of operations. For example, types of teams not generally associated with anarchic incidents were brought in, instead of police specialists, to carry out certain major operations. The Marter operation, which hastened the dissolution of the MLAPU, was carried out by the Law and Order

Bureau, and not by the Political Bureau which normally handles that type of action. The interrogation phase was conducted by the MIT [National Intelligence Organization].

c) Development of the "home base" method: Illegal organizations had several "homes," or "safe houses," which they used as their base. In earlier years, once those houses were discovered, they were stormed in a noisy operation and whoever happened to be inside was arrested. In recent months, however, when a safe house was discovered, security officers quietly entered it during the absence of the militants and waited inside--sometimes for days--for the militants to return. For example, one time in Istanbul, the police team remained in one of the safe houses for a week, but in the meanwhile, every militant--six in all--who knocked on the door was arrested.

#### Mistakes of Militants

According to security officials, the mistakes committed by militants also contributed to the disbanding of the organizations. They described these mistakes as follows:

1) Participation of more than one central committee member in any given operation: If the operation fails and the police launches a counteroperation, the organization loses not one, but several brains. Once such operation was the robbery at the Turkish Commercial Bank branch at Camdibi.

2) Joint actions by the TPLP-F and MLAPU: Closer cooperation between the two organizations, particularly in operations in Istanbul, led to the discovery of cells in rapid succession. Additionally, cooperation resulted in crowded cells. When one militant talked, his confession led the police to 7 to 10 people.

3) Assignment of weak militants to critical tasks: In earlier years, any militant who rose to membership in a central or regional committee was a highly trained individual, well-versed in police tactics. During the 12 March era, most of these veteran militants refused to expose their friends even under excruciating torture. However, a number of militants apprehended by chance in Istanbul in April or May--the police claim Isik Erguden and Hulusi Koprulu were two of those militants--supplied the authorities with plenty of information, even though no forceful tactics were used on them.

4) Availability of safe houses to a large number of people: A total of over 25 people knew of the three houses in Kazasker, Cihangir and Gztepe.

5) Failure of the "key" system: Several cells of the TPLP-F and MLAPU adopted the key system, under which only a militant who had the key, or was accompanied by someone with the key, could enter the safe house without having to ring the doorbell. If the doorbell rang and it turned out to be the police, the officers were allowed in, and militants immediately drew their guns and took their positions. The police learned about the new

system and was able to obtain some of the keys. In some instances, the police used the keys to enter the houses and lie in wait. In some other instances, officers used the key to enter the house when the militants were in. In those cases, they met no resistance, and usually surprised the militants in bed.

A number of security officials, while appreciative of the recent successful operations, tend to downplay the significance of the results. According to these officials, some of the factions--TCP-ML [Turkish Communist Party-Marxists-Leninist], IWPLA [Turkish Worker-Peasant Liberation Army], Acilcililer [the Urgency group], Teslimciler [the Teslim Tore group], TPLP-F Fighters, and the Revolutionary War group--came out of the police drive unscathed. Some of the factions are just about broken up, but some others--TCP-ML, for one--remain as strong as they have been for years. Moreover, "the brains" of the infamous "X Organization" have not been captured. "The brains" were Mahir Cayan's close associates and symbolize the continuation of Cayan's leadership. Only two--Ilker Akman and Hasan Temizalp--were eliminated. They were shot during an operation they carried out in southeastern Anatolia.

Ihsan Uogun, the famed attorney, and as yet unidentified other "brains" of the X Organization are still on the loose. The TPLP-F and United Action group have been disbanded, but four members of the central committee could not be apprehended. Some of these people are trying to revive their former organization, while some others have joined other factions. Furthermore, close to 50 experienced militants avoided the police. Other underground organizations are trying to take these trained elements into their fold by way of "transfers." Fehmi Gokcek is still a question mark. The TPLA--the heir to the Deniz Gezmiş group--is standing on its feet. Security officials do not want the TPLP-F and MLAPU files closed. On the contrary, they say, those files should be carefully reviewed to identify everyone even remotely connected with these organizations, and they propose to put those people under close surveillance.

#### Captured Dead

Ilker Akman, Hasan Jasri Tekinalp and Yusuf Ziya Gunes: They died during a gun battle with the police in Malatya on 26 January 1976. Ilker Akman was a long-time member of the infamous Ankara-based X Organization.

Guler Ozduran: On 2 November 1978, in Hatay, following a raid on a safe house and the ensuing exchange of fire, security units entered the house, captured the militants, and they also found Guler Ozduran's body. According to police records, for reasons unknown at this time, she was shot by her cellmates.

Halil Aslan: He was shot during an exchange of fire between the police and a group of militants about to carry out an operation to seize the funds belonging to the Etibank Plant workers.



Nazim Kuru: Kuru's involvement in anarchic actions began when he was a cell leader under Ismet Unutma of the TPLP-F Second Column Executive Group. In 1977, he was named member of the Action Unit General Committee and Southern Anatolia Regional Committee. Under the orders of the Regional Committee Chief Mustafa Hilmi Begumcan, Kuru and his cell robbed a bank in Gaziantep. He was shot during the gun battle as he and his cellmates tried to flee the scene of the robbery.

Omer Sacli: He was an MLAPU member. Earlier, he had worked under Begumcan in the TPLP-F Southern Anatolia Central Committee. He was shot on 14 April 1979 during a gun battle [presumably with the police] at the organization's house in Beykoz.

Nese Degirmenci: Also a member of the MLAPU, she was killed during the same Beykoz operation.

Ali Arslan: He was shot during a gun battle in Ankara.

Omer Cimeken and Tamer Tabak: These two MLAPU leaders were killed during the Merter operation on 11 May 1979.

#### Captured Alive

Necdet Gogus: He was a cell leader under Hilmi Begumcan of the TPLP-F First Column Executive Group. Later, he became a member of the TPLP-F Action Unit General Committee and Central Committee. He is one of the brains of the organization. After his capture, he abandoned the TPLP-F ideology and played a major role in the formation of the Revolutionary War group. He was captured at the organization's house on 24 May 1977 during a gun battle which followed the holdup at the Turkish Commercial Bank branch at Camdibi.

Mehmet Avci: He was among the group of militants who launched the first organizational effort in Izmir after Mahir Cayan's death. He is one of the few people with contacts to the X Organization in Ankara. He served on the TPLP-F Aegean Region Committee in 1975. In 1977, he was assigned to the TPLP-F Action Unit General Committee. He also assumed the leadership of the Aegean Region Committee. He and Necdet Gogus were captured during the same police operation.

Mustafa Kemal Iyison: He participated in a series of actions as a cell leader under the command of Ismet Unutma, head of the TPLP-F Central Committee Second Column Executive Group. He was captured during the 24 May 1977 gun battle.

Nevzat Ercumentciler: He was a militant cell member and was captured after the same gun battle.

Turkan Yazicilar: She was married by a revolutionary ceremony to one of the top brains in the organization, Mustafa Hilmi Begumcan. Police records

describe her as Hegumcan's fiancée. She was captured wounded in Bornova in September 1977 after a gun duel.

Feride Arat: One of the most powerful among female anarchists, Arat was captured wounded during the same police operation where her friend Yazicilar fell in police hands.

Aziz Binbir: On 15 March 1978, as he prepared to attack a bus carrying U.S. servicemen, Binbir became involved in an exchange of fire with the police. He was captured, but not before he shot three police officers with his Kalashnikov rifle.

Dogan Kilic, Baris Oymak, Nuri Yildiz and Hamza Yanmaz: The Izmir police discovered an organization hideout in Karsiyaka, and on 27 June, laid a trap which netted them these four militants. Baris Oymak's girl, whom he married in a revolutionary ceremony, was also captured subsequently in Ankara after a gun battle. It was learned later that Hamza Yanmaz had been working as a teacher.

Gurkan Gursoy, Taner Demircan, Sabahat Cakiroglu: Security forces stormed an organization hideout in Karsiyaka, Izmir, on 2 November, and following a gun battle, captured three militants and discovered what turned out to be very important documents. Sabahat Cakiroglu and her child were among the captured. Cakiroglu was wounded during the exchange of fire. She is the wife of Ali Cakiroglu, one of the brains of the organization.

Ali Cakiroglu: On 5 December 1978, Cakiroglu was spotted by police as he sat at the OG Icecream Parlor in Karsiyaka. A major confrontation took place. Two policemen were killed and a police superintendent was seriously wounded. Ali Cakiroglu was in contact with Gulden Cayan, one of the founders of the TPLP-F, and was a member of both the General Committee and the Central Committee of the Action Unit group. He was captured wounded. It was discovered that he was carrying a Smith-Wesson gun and a Polish-made handgrenade when he was spotted at the icecream parlor.

Mahir Urduran: He was captured, also wounded, after the same operation.

Ali Bulent Saritac and Ertugrul Dinleten: They were captured after a gun-battle on 15 June 1979 in Soma. One policeman was killed, eight policemen and a mother and her child were wounded during the confrontation.

Neriset and Mutlu Atilgan: Husband and wife, members of the TPLP-F Southern Anatolia Regional Committee, they are suspects in two robberies. They were arrested on 24 May 1979 in Antalya as they were trying to burn the organization's documents and the 300,000 liras they had taken in from the robberies.

Museyin Demirci and Irfan Palabiyik: They were arrested wounded after a gun battle following the holdup of the Is Bank branch at the Garsajlar district in Gaziantep. The bank holdup was directed by Nazim Kuru of the TPLP-F Southern Anatolia Regional Committee. On 11 September 1978,

14 months after the incident, a three-man cell (Samil Bestoy, Lutfu Kilic and Mustafa Zulal), under the orders of Southern Anatolia Regional Committee Chief Mustafa Hilmi Begumcan, stormed the Gaziantep Prison, killed one gendarme and two prison guards, and helped the two militants escape.

Mustafa Hilmi Begumcan, Cemalettin Metin and Ibrahim Ethem Akkaya: The Sakarya Security Directorate, acting on information obtained through the coordinated efforts of Antalya, Izmir and Istanbul police authorities, launched an operation in Adapazari, and on 8 June 1979, captured the three TPLP-F leaders without firing a gun.

Isik Erguden: One of the chiefs in the Organizational Operations section of the MLAPU. He was apprehended in January 1979 and turned over to martial law authorities.

Hulusi Koprulu and Enis Aydogdu: Both are MLAPU members and were captured during police raids at Zuhuratbaba and at Kazasker in Kadikoy, respectively.

Riza and Zubeyde Kalayci: Husband and wife, members of the MLAPU, the Kalayci couple was captured alive during the Merter operation.

Ozer Kazak, Ahmet Yaziharman, Yasar Ozkan, Mehmet Aydin and Mehmet Zeki Yumurtaci: All are MLAPU members. Kazak and Yaziharman were captured when they were surprised at the organization's house in Laleli. Detectives, then, took over the house and waited for other militants to show up. During the next 2 days, Ozkan, Aydin and Yumurtaci showed up. They were disarmed and put under arrest.

Yusuf Aydin and Necdet Aydin: Having discovered the location of an organization hideout at Kurtulus, detectives laid a trap and a day later disarmed and arrested two suspects who showed up at the house separately. Necdet Aydin, who was a student at the Naval High School, was turned over to the Regional Military Police Command.

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CSD: 4907

## 'AYDINLIK' CITES BULGARIA AS SOURCE OF SMUGGLED WEAPONS

Istanbul AYDINLIK in Turkish 9 Jul 79 pp 1,7

[Text] Ankara: It has begun to be confirmed by diplomatic sources based on official documents that arms smuggled into Turkey, especially during the last few years, have been coming from Bulgaria.

The latest development in this matter, however, has been the reply given by the government of Argentina to a request made by the Turkish government.

Information had been requested from Argentina concerning weapons seized in Turkey during the final days of the Nationalist Front government, a portion of which had been Argentine-made weapons.

The government of Argentina revealed that the serial numbers of the weapons seized in Turkey matched the serial numbers of weapons which had been shipped to Bulgaria.

Thereupon, Sukru Elekdag, General Secretary in the Ministry of Foreign Affairs, requested information on this matter from Bulgaria's Ambassador to Ankara. The ambassador said that it was necessary to consult with the Bulgarian government on this, but following this no information was provided.

This matter was again taken up during the same period during I. Sabri Caglayangil's visit to Bulgaria. Bulgaria informed Caglayangil that the firm which had imported the weapons was Bulgaria's Official Import-Export Company, and that for this reason it would be impossible to interfere in its affairs. In the same statement, Bulgaria said that the weapons could have been among weapons sent to Middle Eastern countries which might later have been smuggled into Turkey.

In response to this statement, Caglayangil is said to have remarked "These are just lies they are telling me."

Moreover, it was reported that Turkish government officials had wanted to arrange an agreement for "cooperation" with the Bulgarian government in

order to prevent smuggling, but the government of Bulgaria did not accede to this. As a rationale for their opposing such an agreement, the Bulgarians stated that they had nothing to do with the weapons smuggled into Turkey, and that signing this agreement would amount to a tacit admission of smuggling.

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CSO: 4907

## GUNES HINTS OF POLITICIANS' INVOLVEMENT IN ARMS SMUGGLING

Istanbul TERCUMAN in Turkish 9 Jul 79 pp 1,14

[Text] Istanbul: Minister of Internal Affairs Hasan Fehmi Gunes has stated that the attack made on Chief Superintendent Ahmet Atesli, Head of the Felony Section, was actually an assault directed against Turkish democracy. Holding a press conference yesterday in Istanbul, the Minister of Internal Affairs, repeating his charge that the names of certain politicians were implicated in weapons smuggling, said that "If I were to reveal the evidence in my possession on this matter, I would have to expand the prosecution. There is a message in that statement of mine. That message can find those for whom it is intended."

Describing the police as "the guardians of Turkish democracy", Gunes spoke as follows at the press conference, in which Security Director Hayri Kozakcioglu and Assistant Security Director Hasim Aytural also took part:

"Yesterday (the day before the press conference) I visited Ahmet Atesli and police officer Cevat Kuleci, who suffered an armed attack. A short time thereafter, our esteemed brother Mr. Kuleci died. An attack on our police is an attack on an institution which is the guarantor of Turkish democracy. It is an attack on Turkish democracy itself. The police and internal security forces are the sole guardians of our democracy. The fact that the attacks were directed at our police reveals their goal of destroying that police support which is the institution guaranteeing Turkish democracy: the democracy which our society has embraced as its way of life, and which is the real target of these attacks."

Saying that "We are involved in new efforts on the matter of the Istanbul police organization and internal security problems", Interior Minister Gunes continued his statement as follows:

"The investigation of the Ahmet Atesli incident, going beyond the classic methodology, is being conducted with an approach utilizing the entire organization. There are very significant clues. These have been made use of."



Furthermore, the stage reached in the investigation of crimes perpetrated in Istanbul and not yet fully solved gives great hope of reaching our goal. Our police organization is achieving success in solving these incidents. Progress in the prosecution involving the attacks made on MISK [Confederation of Nationalist Labor Unions] and the NAP in Ankara is approaching a conclusion. Soon, we will be making very major and sweeping pronouncements concerning both this and the Atesli incident."

Gunes also praised Istanbul police for their work and stated that they are developing laboratories so that science and technology may serve the police, that ballistics and forensics laboratory units have been completed, and that a biological unit will soon go into operation. He said that "The Istanbul police will soon reach the level of the West in their laboratory operations."

Answering a question directed to him concerning his statement to the effect that certain politicians have been involved in arms smuggling, Hasan Fehmi Gunes said that "We must resolve this issue outside of politics." He spoke as follows:

"It is impossible to separate the weapons used in acts of violence and those who smuggle them into the country. While wiping out the sources of anarchy, it is also necessary to eliminate the weapons smuggling which nourishes it. We have in our possession evidence that certain politicians are involved in arms smuggling. If I were to reveal this evidence, I would have to expand the prosecution. It is not our aim to accuse any political organization, but there is a message in that statement of mine. That message can find those for whom it is intended."

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CSO: 4907

## BUSINESSMEN EVALUATE AGREEMENT WITH IMF

Istanbul TERCUMAN in Turkish 3 Jul 79 p 6

[Open discussion among, in alphabetical order, Erol Aksoy, director general of the Guaranty Bank; Feyyaz Berker, administrative board chairman of the TUSIAD [Turkish Industrialists' and Businessmen's Association]; Nuh Kusculu, administrative board chairman of the Istanbul Chamber of Commerce; Sakip Sabanci, chairman of the Chambers of Industry Union, and Ertugrul Soysal as the moderator; date and place of discussions not given]

[Text] [Soysal] We would like to discuss with you today the economic policies Turkey should follow after the IMF agreement. The questions we have in mind are on the most recent devaluation and its consequences, measures to stabilize domestic prices, monetary, credit, base-price and wage policies, the market's liquidity, availability of credit from international banks, the private sector's role in obtaining credit, and the negative and positive aspects of a high-rate devaluation before foreign exchange reserves are built up.

The letter of intent we delivered to the IMF documents our pledge to further discipline the country's economy. The conditions in the latest letter are, reportedly, stricter than those in the 1970 letter. My first question is what the ramifications of this letter of intent will be in terms of our economy. I will put the question to Mr Sabanci.

Sabanci: Fresh money means fresh imports. The question is how new import opportunities should be used within the framework of our import program and how the money should be shifted to the [foreign exchange] transfers on the waiting list. We do not have a free hand in the use of our fresh money. Our creditors expect us to adhere to certain guidelines and principles. First of all, they will periodically check up on our management of the economy and release the credit by piecemeal. Additionally, there are restrictions on what products we can buy from which country with the credit made available to us. Then, in some cases, there are preconditions, whereby a certain portion of our imports will be shipped to us in the exporter country's vessels. Therefore, when we work the new import opportunities

into our import program, we have to be mindful of our nation's realities and best interest, while keeping an eye on the guidelines set by our creditors. If we succeed in finding a happy medium, we will be able to use the credit without a further waste of time--a valuable commodity--and also prepare for ourselves new prospects of getting more credit.

### Production, Production, Production

We talk about using the credit wisely. What is the wise thing to do? Primarily, we must carefully review the existing facilities and determine which are good for the country [and, presumably, supply their needs]. The objective here is to reach full production in the shortest time possible. Investments that will eliminate production bottlenecks in existing facilities should be the next in line. The third priority should be an expansion of existing plants. Afterwards, if we still have some funds left, we must use them to stimulate manufactured goods exports which will lead our industry to an integration of intermediate and investment goods production.

Meanwhile, we must abandon useless slogans, shun arguments, and concentrate on our target--production, production, production.

There is talk of who will grab the credit and who will get how much. Instead of cutting out pants for an unborn child, we should sit down and discuss what will be the wisest way to use the credit.

### Private Sector Is the Step Child

We have two production branches in Turkey: The private sector and the Kİİs [Public Economic Enterprises]. From the outside, it appears as if the share of these two branches in production is about equal. However, in reality, industrial raw materials--such as iron, steel, paper, aluminum, petrochemicals, all other basic materials--are produced by the state, and that upsets the 50-50 balance. The state sector cannot supply our major inputs at world prices or quality, and that ties our hands in our efforts to contain prices, increases the burden on our people already heavily burdened by the rising cost of living, and spoils our export chances. The private sector still receives a step-child treatment, while Kİİs are treated like the state's own sons. We have been hearing for years now pledges to reorganize the Kİİs, and yet, here they are, there is no doubt that they devour our resources and they are allowed to continue doing so. We have wasted years listening to promises of how the Etibank, the Petkim [Petrochemical Industries, Inc.], Sumerbank and others will meet the industry's needs in a realistic fashion. Let us not add several more years to what we have already wasted.

If the pledge that "everyone's dynamism will be put to use" is translated into action, we can take advantage of the private sector's capability of creating external resources.

The barter system, [that is,] importing goods in exchange for goods, is used widely and successfully by world nations. We also must use it, and other

means like it, but sensibly. Our country is going through very difficult times, its problems are avalanching. In my opinion, the country is on fire. We cannot think of restoration before we put out the fire.

Soysal: The ANKA [Ankara News Agency] agency, in a 12 June dated release, reported in general outline the obligations that the Turkish government is assuming in the letter of intent delivered to the IMF. According to the news agency's report, these obligations are as follows:

- \*Turkish lira will be devalued, and in the future adjustments in its value will be made without delay.

- \*The internal net assets of the banking system and the advances and credit from the Central Bank to the public sector will be curtailed.

- \*Deficits of the public sector and KfTs will be reduced.

- \*Price increases will be brought down to 35 percent by mid-1980.

- \*Wage increases will be tied to [the] production [level] and productivity.

- \*Current operations deficit of 1979 will not go over 4 percent of the national income.

- \*There will be new restrictions on imports; import deposits collected from the private sector will not be used by the treasury.

- \*Rediscount and interest ceilings will not be raised.

- \*There will be no bilateral agreements with IMF members.

Mr. Barker, do you believe that Turkey will be able to live up to these and other commitments?

Mr. Barker: The 1978 agreement with the IMF did not work out because we deviated from the policy commitments we made under that agreement. Price increases brought a new devaluation, and then, a new agreement. I am afraid the IMF's green light will turn red again if we do not adhere to the guideline you reviewed. These are stability measures directed at holding the inflation rate down. The government, and the labor and management sectors must bear this in mind, work with understanding, in harmony, and live up to their responsibilities.

I am afraid a dual exchange rate will appear again, and very soon, because we do not have fresh money at hand to meet our needs and won't get credit or fresh money at any time soon either. The inflation rate will climb higher than anticipated if we do not increase production and reduce demand. Failure would mean we will not enjoy the advantages we hope to enjoy under the IMF agreement.

## Misguided Policies Cost \$600 Million in 1978

We must carefully identify the mistakes we made in 1978 in the management of our economy; otherwise, we'll have no chance of getting out of the current bottleneck. According to information and figures at hand, we made such economic mistakes--especially in our oil policies--that we were unable to use the full capacity of our refineries, we had to import refined oil instead of crude, and we spent \$275 million more than we should have. It was also because of our mistakes that, in 1978, we could not supply raw material for our fertilizer plants. These plants operated at 30 percent of their capacity. We had to import fertilizer and we ended up spending an extra \$315 million.

To regain its credibility within the framework of the IMF agreement as quickly as possible, Turkey must follow several policies which I will list, if I may.

The first one is the export policy. The Law To Protect the Value of the Turkish Currency is a big stumbling block in Turkey's foreign trade. It must be updated to accommodate current global conditions. Turkey has good prospects of obtaining export financing from foreign countries.

The second important issue involves the Foreign Capital Law, which also must conform to the exigencies of the times. It will, if revised, help us regain our prestige abroad.

As a third step, we must face up to the fact that foreign credit is not extended from one government to another, but that it now moves between private sectors. We must adopt policies that are in tune with the new situation.

The fourth issue is that we must keep in mind productivity of investments is contingent on the productivity of the labor force. We must adopt as a principle--and act accordingly--that it [increased productivity?] does not limit workers' wages; on the contrary, it ensures workers' welfare and makes it more prevalent.

Boynal: We would like to hear your comments Mr Kusculu.

Kusculu: I want to thank you and TERCIMAN for the opportunity to participate in this meeting.

The adjustment in the value of our currency is described as the adoption of multiple exchange rates, but what it really amounts to is devaluation. A study we conducted indicates that the rate differentiation in import and export [fields] and in premiums will put an additional Turkish lire burden on the treasury, and furthermore, these rate differentiations and premiums will cause payment difficulties in the private sector.

In our 19 January 1979 meeting with the distinguished prime minister, he made it very clear that there will be no devaluation before fresh money is obtained, but the latest devaluation preceded fresh money. I am concerned and upset that the latest measures will be as useless as the ones in 1978. Psychological [price] hikes are already here.

The government must perform a series of solemn and tough tasks to ensure the success of the economic stability plan and the latest devaluation.

#### Tough Measures

\*It is a difficult task but base prices must be fixed in the light of world realities. Subventions from the treasury must be avoided. The government set a good example by its decision in the wheat issue.

\*The second problem is, once fresh money is available, transfers [of foreign exchange] will begin, and that will bring energy shortages [presumably, due to increased production].

\*The third problem is the tension in worker-employer relations. Both sides should make comparable concessions and work together to increase production.

\*Deficits of KİTs must be stopped. Furthermore, there should not be new KİTs. With the exception of recently established KİTs on the verge of going into service, all new investments, including TUMOSAN [Turkish Auto Engine Industry and Trade Corp.] and TEZSAN [Turkish Workbench Industry and Trade Corp.], must be cancelled.

\*Current public expenditures must be cut back. Meanwhile, investment expenditures will have to be reduced also. The economy cannot endure large budget deficits similar to the 1978 deficit of 163 billion liras.

\*In the distribution of Central Bank credit, there have been shifts from the private sector to the public. All quarters of the private sector are desperate for credit in the face of rising prices. The state should not play favorites while trying to solve the problem.

\*Turkey will have to use foreign capital to maintain a high rate of development. Managers of our bureaucracy and economy must avoid attitudes, behavior, or statements contrary to this objective.

\*I will add only one thing to Mr Sabanci's comments on importing via the exchange system, and that is, we must clean up the debts we have accumulated in our earlier harder deals before we conduct new exchanges.

\*Our association with the EEC should be postponed and revised. We must ask for full membership in the community. The EEC can make vast resources available to us by supplying foreign capital.

So, all: Mr Aksay, we would like to learn from you what you think of the recent devaluation, the foreign credit flow, its timetable and amount, prospects of credit from foreign banks, the private sector's contribution to [the availability] of foreign aid, and how much the anticipated credit will help the recovery of our economy, and finally, the good and bad aspects of devaluing the currency before [foreign exchange] reserves can be replenished.



Aksoy: I want to start off my comments by summarizing the conclusion I have reached. I, personally, am very pessimistic. The [debts?] we have accumulated in the past 30 years as a result of an erroneous foreign exchange policy cannot be erased by a single devaluation move. We should not be disappointed if the situation does not improve quickly. We may see some improvement in 5 years or so if we follow a coherent policy. Otherwise, we may gather around a table again in 1981 to discuss why \$1 costs 150 Turkish liras.

#### Where Is the Fresh Money?

Is fresh money coming? If so, when? How much? This is a very important point. After such a high-rate devaluation--we must call it a devaluation, it is not a rate adjustment--the Central Bank must start selling right away foreign currency at the new rate. In Turkey, the Central Bank sells the lowest priced foreign exchange. Once the Central Bank begins to transfer foreign exchange abroad, the black market pressure might ease off. Fresh money is expected on 20 July. As Mr Kusculu noted, this 1 month's interval between the devaluation and the arrival of fresh money has to some extent wiped out the anticipated constructive effect. We are told that close to \$1.5 billion will be available after 20 July. What we will actually receive is around \$400 to \$500 million. Let me tell you the scenario.

There will be a review in 3 months to see if we have achieved the objectives we committed ourselves to in our letter of intent. Then, there will be periodic reviews every 6 months. The reviews will show that it is extremely difficult for Turkey to attain those objectives. We already can see how difficult it will be. A year ago, we promised to cut the inflation rate to 20 percent, but inflation has climbed to 100 percent. A year ago, we talked of a wage-price policy. We all know what happened in practice.

What we pledged to do in the letter of intent is not the question. The question is what we are able to do. It is a question of discipline, as you also mentioned at the beginning. If the government fails to balance its revenue and expenditures, in 3 months' time, we will find ourselves unable to draw the second slice of the credit.

#### Regulated and Provisional Credit

Some \$400 million that foreign banks will give us are also conditional on the IMF's approval following its quarterly reviews. Only \$200 million will be released after the signing [of the agreement], and even then, the foreign banks will not put the money in our hands. We will ask them to make a certain payment, if they approve, they will pay from their own safe. Mr Sabanci was right when he emphasized this point. They don't want the [Turkish] Central Bank so much as see the funds. That should tell us something about their feelings on whether we will honor our commitments in the letter of intent.

## Exports Emphasized

To sum up, even though, in my opinion, the money we expect will not bring immediate solution to our problems, I would like to stress that the money, however small the amount may be, must be used for exports. Not a single dollar can be repaid unless it is spent for exports. We must earn foreign exchange, not Turkish currency, in order to repay our foreign exchange debts. Unfortunately, the country has not yet grasped the significance of a mathematical equation as simple as this.

The letter of intent we signed in 1970 contained a statement to the effect that the charter law of an export and development bank was presented to the parliament. Nothing has been done about it in the past 9 years. The same letter of intent stated that plans were in the making to convert KİTs into holding companies. Nothing has come out of that either in the past 9 years. Under the circumstances, it is only natural to doubt that any of the promised measures will be taken in the next 3 or 6 months.

Soysal: Here are the points of agreement among the panel members:

### Pessimistic Views

- \*It is highly doubtful that the government will be able to keep inflation and prices in check, which will make the IMF's release of the second and third installments of the loan a very remote possibility.
- \*No one has seen any fresh money yet. Whatever will come will be under a tight control and in small doses.
- \*Most of the credit is provisional. Certain products from certain countries will be used for specific projects.
- \*There is no guarantee that the crucial economic mistakes of the past will not be repeated.
- \*KİTs continue to erode the economy.
- \*The devaluation may not succeed because it came before reserves could be replenished and the Central Bank was unable to sell foreign currency at the new rate. The rate of 47 liras to \$1 will be surpassed very soon.

### Lights of Hope

- \*Production and exports are the primary targets.
- \*New credit may be available if the economy is managed properly.
- \*There may be an inflow of foreign capital.
- \*The private sector must be allowed into the mainstream of economic operations.

\*Our foreign exchange account may be balanced over the next several years, provided the foreign exchange regime is reformed and a realistic foreign exchange rate is introduced.

\*The wheat decision is a good illustration of what should be done in the base price area.

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## COMMITTEE ESTABLISHED TO COORDINATE FOREIGN SALES

Istanbul MILLIYET in Turkish 5 Jul 79 pp 1,12

[Text] Ankara (Ankara News Agency): In accordance with the "export organization decision" recently put into effect in order to ensure harmony and dispatch in the matter of export practices and to make it possible to take necessary measures as quickly as possible, an "Export Coordination Committee" has been formed. A "Directive on the Export Coordination Committee and Sub-Committees" on this matter issued by the Ministry of Trade became effective by being published in yesterday's Official Newspaper. When the matters under discussion fall into their areas of duty and authority, representatives of the other ministries and of the public sector, as well as, according to the nature of the topic, exporters and industrialists representing the private sector and, when necessary, the representatives of their organizations may be summoned to the committee.

In addition, competent experts from the Ministries of Trade, Finance, Customs and Monopolies, Food, Agriculture and Stockraising, Industry and Technology, and the State Planning Organization will be included in the committee, which will carry out its duties under the leadership of the Trade Ministry's General Secretary for Foreign Trade.

Furthermore, in order to assure speed and cooperation in actual practice, the formation by the Trade Ministry of export coordination subcommittees in provinces which are export centers is called for by the Directive on Export Coordination Committee and Sub-Committees. The provincial governors will chair the sub-committees, either their assistants or the regional trade directors assuming this duty in the governors' absence.

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## PUBLIC INVESTMENTS REPORTEDLY DECLINE IN UNDERDEVELOPED AREAS

Istanbul CUMHURİYET in Turkish 26 Jun 79 p 6

[Article by Kenan Mortan]

[Text] Reportedly, both private and public investments are declining in regions designated as underdeveloped, even though investment in those regions is encouraged by special incentive schemes. The infrastructure in those so-called underdeveloped areas is not widely available, and efforts to socialize health services--one of the special projects--have run into a blind alley. That is why, the KUP project [Roads to the Village Project], which began last year, has assumed added significance. To facilitate the widespread implementation of general [development] plans, use of regional plans, in addition to special projects, is urgently recommended.

When the underdeveloped regions concept was put into practice in 1964, 22 provinces of Turkey were placed in the project's scope. Later, the number of provinces was raised to 40, but finally, it was frozen at 33. Under the first plan, vigorous promotion measures were introduced in the less developed areas to close the development gaps among the regions. Industrialists investing in underdeveloped regions were granted special treatment, and in the meanwhile, public investments were shifted to less developed areas.

According to the Department of Priority Regions of the State Planning Organization, 40 provinces which make up the country's underdeveloped regions received 34 percent of total public investments in the First Plan period, but the rate dropped to 28 percent by the end of the Third Plan period. As public investments declined in less developed areas, they climbed in developed areas. The private sector made 42 billion liras' worth of investments in the same [?Third Plan] period, but only 10 percent of the total was in the underdeveloped areas.

## Reasons

The private sector is attracted to developed areas by the high volume of demand, availability of transportation, and the facility of obtaining raw

materials. In the case of the public sector, however, the major factor in the westward shift of its investments is Turkey's membership in the Common Market, an association which began at the opening of the Third Plan period. Beginning of that association signalled the end of adherence to the equitable investment and income distribution principle, and development yielded its place to the growth concept expressed in percentages. Public investments, in conformity with the Justice Party's development philosophy, were directed to developed regions, instead of being spread nationwide in a social spirit. Finally, acceptance of "backwardness" as a norm by the institution of sheiks and agas [large landholders] touched off large waves of migration among the populus of the underdeveloped areas. The fact that the westward movement began after the Second Plan is one of the significant aspects of the total picture.

#### Other Consequences

Absence of public investments in underdeveloped regions has had several other anverse effects. Socialization of health services in underdeveloped areas--an effort which began in 1961--appear to be at a standstill, which is attributed to the sharp drop in public investments in those areas. Health expenditures, a subsector of public investments, have gone down during the plan period. As a matter of fact, a research paper presented at the public health symposium in Bursa last week shows that public investment and social programs cannot be isolated from each other in Turkey; a drop in the former is immediately reflected in the latter, regardless of area.

#### Per Capita Public Investments (In Turkish liras)

	Priority Areas (40 provinces)			Developed Areas (27 provinces)		
	1st Plan	2nd Plan	3rd Plan	1st Plan	2nd Plan	3rd Plan
Agriculture	90	130	283	132	142	317
Industry	211	340	2115	377	970	3148
Services	244	360	1338	296	621	1987
	<u>544</u>	<u>931</u>	<u>3736</u>	<u>805</u>	<u>1733</u>	<u>5452</u>

Source: State Planning Organization

#### Solutions

The vital importance of the KUP project that was initiated last year in certain parts of Eastern Anatolia should be obvious by now. The scope of the project remains narrow, however, because it is implemented by one ministry and lacks the nourishing support of other public organizations.



That is why, experts are urging the widespread practice of the regional planning concept. From all indications, regional planning is effective enough to alter the fate of development plans.

General plans lay down the principles and targets, but in practice, the shortage of tools of implementation deprives [the planners] of a means to monitor deviations from designated targets. Under the new concept of planning, however, priorities in industrialization will crystalize, and the sectoral priority practice will make the targets more intelligible.

There was regional planning in Turkey in earlier plan periods, but none of those regional plans received the required endorsement of the Council of Ministers to go into effect, hence, were never implemented.

Docent İlhan Tekeli, an urbanization expert, recently began to work on a project for the Eskişehir region. The targets of the project are reportedly overly practical for the entire Turkey. The project is said to include a regional planning feasibility study.

Another interesting development related to the subject at hand is the suspension of the underdeveloped region project by world consortiums in the wake of the oil crisis. The [Turkish] Industrial Development Bank, which distributes in the private sector the credit supplied by the World Bank, closed down its office in Eastern Anatolia. The bank's investments in Eastern Anatolia have been growing smaller in recent years, and according to experts, it is all because of the changes in the Arab world. These same sources point out that the bank does not want the production potential expanded in an area so close to the Arab world.

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## CONFERENCE ON TURK-ARAB RELATIONS HELD IN ANKARA

Istanbul CUMHURİYET in Turkish 26 Jan 79 p 6

[Text] ANKARA (CUMHURİYET Bureau)--Relations between Turkey and Arab nations came under close scrutiny last week in Ankara at a conference on the past, present and future status of Turkish-Arab relations. The basic purpose of the conference was to review Turkish-Arab relations of the past, and then, to decide what steps should be taken and what type of approach should be followed in the future to develop these relations. Some 76 scholars from 5 lands attended the conference where 30 papers were presented.

The conference, which was the first of its kind, served as a forum to bring a number of facts into light, to identify the sources of certain outward appearances, and to reach a consensus on the future dimensions of Turkish-Arab unity and solidarity. The conference met at a time when Turkish-Arab relations are in a process of expansion, which gave the discussions an added significance.

Speakers at the conference stressed that "Arab and Turkish nations are bound together by deep, strong ties," because, they said, they "share a common faith," they are "heirs to a vast culture and civilization," and "the economic and security interests of one complement the other's."

The questions discussed at the conference mainly concerned economic, cultural and political relations. The necessity for economic relations between Turkey and Arab nations was underlined, and the advantages that economic cooperation will supply to all concerned were emphasized.

## An Extra Dollar

One of the observations reported at the conference was that while Turkey tried very hard to sell one extra dollar's worth of goods to West European countries, it did not make much effort to enter Mideastern markets.

The conference ended with a resolution that "Turkish and Arab nations, in addition to expanding their economic, technical and cultural ties, must work together for the sake of world peace and support one another's cause."

It was also unanimously decided to have similar conferences in the future and to set up a permanent committee in Ankara to organize the next conference.

Deputy Prime Minister Hikmet Cetin delivered the opening speech at the conference and reviewed the policy his government followed in its relations with Arab nations. "We believe that Palestinians should be granted all their legitimate rights, including the right to statehood," he said and added that "a just, realistic and lasting peace will not be possible unless Israel withdraws from all occupied territory, including Jerusalem."

Deputy Prime Minister Hikmet Cetin noted that there have been very significant developments in Turkey's relations with the countries in the region, particularly with Arab and Moslem countries, since the current government came to power. Noting that these relations have entered a new phase, he said:

"It will be possible to achieve cooperation even closer than today's if Turkey, and its Arab friends and brothers pool their potentials and abilities. There is a great desire in our region, which happens to be a critical part of the world, for a cooperation that can lead to genuine peace, security and stability."

Views

Docent Salih Uzman

"The Ottoman Empire's presence in the Arabian peninsula has been the subject of several research efforts, but all were on a small scale, and the question has not been examined thoroughly. The type of administration and the socio-economic structure the Ottomans set up in Arabia can be defined with the help of Turkish archives which include abundant material on that particular era."

Prof Erol Manisali

"Development of cooperation in the industrial field will contribute heavily to economic cooperation and rapprochement in the Middle East. Studies conducted on the feasibility of industrial cooperation indicate the existence of a vast potential. Such a cooperation can be set up in industrial branches where Turkey has made adequate progress, but which are not in a developed state, or do not exist, in Arab nations. Industrial cooperation will necessitate technological cooperation."

Docent Emre Kongar

"Interpretation of the Islamic religion as an anti-imperialist ideology has been a contributing factor in the rapprochement between Turkey and Arab nations. Turkey, as the most developed country in the Islamic world, is in a position to contribute more than others to the Islamic-Arab cooperation against Western exploitation. Mutual interests of Turkey and the

Persian Gulf nations are of such a congruous nature that they create a perfect area [presumably, for cooperation]."

Ahmed Tefvik al-Madani (former Algerian ambassador to Ankara):

"Moslem Turks were never colonialists in Arab lands. It was our adversaries who depicted the Ottoman presence in Algerian territory as colonialism, profiteering and exploitation. Those allegations are totally untrue."

Prof Ahmed Bakhit (member of the Amman University, History Department teaching staff):

"Being neighbors, which brings Arabs and Turks together, is more than a matter of geographic location, it signifies the existence of a bridge among nations. Turkey is a member in various alliances. It has to be clarified, Turkey must spell out its policy toward the Arab world. If Turkey is in an economic crisis, Arab nations must help Turkey to overcome the crisis. We are looking forward to the day when Turkey will declare its support of Arab nations."

Dr Ersin Onulduran

"There is a serious paradox in Turkey's foreign policy. As one of the nations of this region, it is expanding its relations with Arab countries, but in the meanwhile, it is facing direct and indirect pressure from the West. The basic theme of Turkey's Mideast policy is the establishment of a just and lasting peace in the region. There has not been an exchange of visits on a high level between Turkey and Algeria. It creates the impression that Algeria is generally ignored. We must correct that impression."

Prof Turkkaya Ataov

"The Ottoman Empire has always been on the alert against Zionist schemes. However, the question of Palestinian rights was assigned a lower priority after the recognition of Israel. It is high time that the Turkish government issued the necessary permit for the establishment of a Palestine Liberation Organization office [in Turkey]."

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## SECRET MEMO ALLEGEDLY CIRCULATED ABOUT ISLAMIC GROUPS

Istanbul AYDINLIK in Turkish 4 Jul 79 p 5

[Text] It has been revealed that the Ministry of Internal Affairs has sent a "top secret" circular concerning Akinci ["Raider"] and Islamist organizations to the offices of provincial governors.

The circular, dated 5 June 79 and carrying the signature of Rahmi Tan, Assistant Undersecretary in the Ministry of Internal Affairs, was published in issue number 27 of the journal TEVHID and included the following:

"Longing for a state system based on Islamic principles held by certain extremist religious circles in our nation, who have been encouraged by the Islamic revolution realized in Iran under the religious leader Ayatullah Khomeini, have reached a peak, and these circles' activities have gradually intensified.

"Reactionary elements within our nation have become quite zealous in obtaining weapons and increasing their material resources, and have established intelligence organizations as well, for an Islamic movement which they want to initiate for the sake of a transition to a state system in which Islamic principles will prevail. In addition, in order to influence public opinion and increase the ranks of both sympathizers and militant supporters, they are arranging meetings and seminars, both open and secret, in schools where religious instruction is given, in private houses, and in other places as well. Considering sports such as judo, karate, and kung fu to be important, they have opened schools for these arts, and, in order to fully carry out weapons training in the future, they have decided to open camps in various areas of our country.

"The reactionary elements realize the necessity of illegal activities prior to the Islamic movement to be carried out in order that rule by religious law be established. For this reason, illegal religious groups have arisen under the following names: IKO (Islamic Liberation Army), TIKB (Turkey Islamic Liberation League), Fighters Against Liquor Sellers, TIMC (Turkey

Islamic Liberation Front), HXC/SIM (Universal Brotherhood Front/Religious Law Suicide Squads), El Teskilatun Mucahidun [Organization of Champions of Islam], ITKO HE (Islamic Brigades Liberation Army Cell Workers), IKB-C (Islamic Liberation Party - Front), TISKÖ [expansion unknown; most likely Turkish Islamic and Religious Law Liberation Army], IDAM (Urgent Champions of the Islamic Revival), AK-GUC (Raider Force) and Islamic Force. It is thought that these groups have emerged from and have connections with the following groups: AK-DER (Raiders Association), AK-GENC (Raider Youth Association), MITB (National Union of Turkish Students), and AK-LIS (Raider High School Students' League)."

It is suggested in the circular that the organizations in question "have adopted the tactics of extreme leftist groups", and further that:

"The movement for a state based on religious law in our nation arises in conjunction with the danger of Kurdish nationalism in the regions of Eastern and Southeastern Anatolia. Those in the vanguard of this movement in these areas are generally Kurdish nationalists, and they want to form a Kurdish state based on religious law."

It is requested in the circular that these groups be closely followed and observed, and the special emphasis in this matter be given to intelligence operations.

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## ARRESTS INDICATE POLICE FORCE INFILTRATED BY TERRORISTS

Istanbul HURRIYET in Turkish 9 Jul 79 pp 1,13

[Text] Ankara: It has been established that the bombings and armed attacks made on the NAP General Headquarters, the MISK [Confederation of Nationalist Workers' Unions] Educational Center, and the Bahcelievler police station were arranged by students of the Police College and Police Institute, and, following an operation known as "Operation Crab" carried out under great secrecy, two assistant police superintendents and 15 student policemen have been taken into custody.

It came to light that the police taken into custody are members of the "Urgent Ones" Group of the Turkish People's Liberation Party Front, which have become quite well-known for their activities; a number of documents were also found in the operation. It has been learned from sources attached to the Ministry of Internal Affairs that the two assistant police superintendents captured were serving in the Directorate of Security, and that one of these worked in the "Communications Center", considered one of Security's most sensitive positions.

Information was conveyed to the Prime Minister and the Minister of Internal Affairs concerning the operation. The investigation which revealed the police officers as anarchists was conducted by top-level officials of the Directorate of Security.

Police investigating the Bahcelievler raid, in which the NAP General Headquarters were attacked, profited by witness statements to the effect that among the attackers were individuals in uniform. Meanwhile, a number of earlier intelligence reports were subjected to a repeated evaluation, and the results of ballistic tests on weapons used in the incident were thoroughly studied.

The various studies led to attention being focussed on a number of students from the Police College and Police Institute.

The name "Operation Crab" was given to the investigation of the affair, and it was decided that the top-level police teams assigned to this matter would work in the greatest secrecy and would not present a report to their superior officers until the last minute.

The observations of the special teams produced quick results. It became clear that some students from the Police College and Institute had played active roles in the Bahcelievler raid, and that certain others had acted to aid them.

### Operation

When the investigative phase of "Operation Crab" was completed, the actual operation was initiated.

A raid was made on a house on Kucukesat Bulent Street which a number of Police Institute students had been entering and leaving. Several students were captured in the raid, while large numbers of illegal publications and notices were found during a search.

One of the notices carried the heading "To Our People". In it, bombing incidents in Ankara for which the TPLP-F Urgent Ones group had claimed responsibility were related; this notice was signed "TPLP-F Urgent Ones General Committee".

The second stage of the operation was a raid carried out upon a house on Ala Street. Here also, a number of institute and college students were captured.

Another group was captured all at once in a raid made on a pastry shop.

The special team, going to the Police College and Police Institute, captured some students without even giving any information to the school administrators.

Meanwhile, two assistant superintendents, Durmus Yilmaz and Nihat Horuzoglu by name, were arrested in connection with the incident. It has also been alleged that the mother and sister of Police Institute Students Association Chairman Huseyin Sahin, who was among those taken into custody, were taken to the Directorate of Security as well.

Those taken into custody during the operation, which lasted for two days, were placed in separate cells at the Directorate of Security, and their statements began to be taken by top-level security officials known for their non-partisanship.

The Police Institute and College students taken into custody are as follows: Fahri Aten, Ahmet Demir, Huseyin Sahin, Vedat Cankaya, Muslim Ozturk, Hasan Dalma, Tacettin Komur, Umit Seydioglu, Yasar Ozcan, Sedat Karabayir, Ali Bahceli, Neset Keloglu, Abdurrahman Sipahi.

Security officials declined to provide information concerning the matter, saying merely that "We are investigating. Everything will become clear in a few days."

#### Bombings

In the announcements seized as a result of the raids, bombing incidents for which the TPLP-F Urgent Ones Organization took credit were listed as follows:

General Electric, HEMA [Hydraulic Machinery Industry and Trade Corporation], Renault, the Bahcelievler [police] station, and LASSA [Rubber Industry and Trade Corporation]

Police Institute student Mustafa Bulal had earlier been involved in the Tutunciftlik robbery and been captured following an armed clash in Ankara. When it was determined that Institute and College students had been involved in a chain of such incidents, the General Directorate of Security also began an extensive investigation.

POL-DEM [Police Association] General Chairman Kadir Bostisur and other officers asked to visit the Institute and College students and assistant superintendents taken into custody, but permission for the visits was denied.

Kadir Bostisur, General Chairman of POL-DEM, which has been closed by the martial law authorities, said that "We don't know why our friends, members of POL-DEM, have been taken into custody. Since they were not permitted to talk with us, we have hardly any information."

9173

CSO: 4907

## NEW BILL ENVISIONS GREATER COOPERATION AMONG MINISTRIES

Istanbul CUMHURİYET in Turkish 25 Jun 79 p 7

[Text] Ankara (ANKA [Ankara News Agency])--A new legislation has been drafted on the structure and functions of the Prime Ministry. The bill envisions a general directorate "to pursue issues and to establish coordination," whose basic function will be to coordinate the operations of various ministries. Should the draft bill become law, internal regulations [presumably of the Prime Ministry] will be enforced on a wider scale to facilitate the performance of functions on the practical level. According to the draft, state printing offices and computers at public institutions will be administered by a centralized authority and two separate general directorates will be set up to perform this function.

The Organization and Functions of the Prime Ministry Draft Law was prepared by a committee headed by Ahmet Durakoglu, undersecretary of the Prime Ministry. According to the information obtained by an ANKA reporter, the statement of reasons accompanying the draft notes that the central organization of the Prime Ministry was set up in 1954 by Law 6370, entitled the Law on the Organization of the Prime Ministry. Then, the statement of reasons goes on to point out that the principle of a balanced separation of powers, which the 1961 Constitution introduced, has rendered that particular legislation ineffective.

## Features of the Draft

The committee, headed by Ahmet Durakoglu, expresses in the draft a strong belief that establishment of coordination is essential among efforts to study and follow up on issues, and then, to bring them to a solution in the shortest time possible. The committee stresses that establishment of coordination will require diligent work. To ensure the success of work aimed at achieving coordination, the draft proposes to set up a new general directorate, which will be known as the "Pursuence of Issues and Establishment of Coordination General Directorate."

The draft says that it is virtually impossible, and also a disadvantage, to specify the functions and activities of each and every unit down to the smallest one, and proposes the adoption of the principle of enforcing internal rules and regulations on a wider scale.

The Organization and Functions of the Prime Ministry Draft Law also notes that public printing offices and Biletisim [Data Processing and Dissemination] centers of public institutions are in a dispersed state and are not productive. To remedy the situation, the draft makes the following proposal:

"To ensure productive, harmonious, coordinated and full-capacity operation of public printing offices and Biletisim centers, two general directorates shall be set up under the Prime Ministry. One shall oversee the operations of state printing offices, and the other, the operations of Biletisim centers, to be known as, respectively, the General Directorate of State Printing Offices Operations and the General Directorate of Biletisim Centers Operations."

The draft bill underlines that these two general directorates will be separate from the printing offices and data centers of legislative and judiciary organs and autonomous public institutions---such as universities--to avoid a violation of the separation of powers and autonomy principles.

7244

CSO: 4907

## EXPORT POTENTIAL TO IRAN REMAINS UNTAPPED

Istanbul CUMHURIYET in Turkish 5 Jul 79 p 5

[Text] Ankara (Ankara News Agency): It has been charged that Turkish firms have not showed sufficient interest toward orders coming from Iranian importers.

According to information obtained, needs for such foodstuffs as chicken, white cheese, eggs, and butter arose quickly and in great degree on Iranian markets immediately after the fall of the Shah. A number of requests were made by various Iranian firms to Turkish concerns on this matter, and it was requested that Turkey's potentialities be utilized in meeting these needs. Currently, despite various continuing contacts on these matters with representatives of both the private and public sectors, it is said that Turkish firms have not paid sufficient attention to the Iranian market and have not responded to a number of the requests.

According to information prepared on this matter by the Tehran Council of Trade, the importation of chicken meat into Iran is currently being carried out by the state, while cheese, eggs, butter, and margarine are being imported by private-sector concerns. In addition, permission to import a certain volume of chicken meat is also granted to the private sector.

However, it is reported that only a small number of Turkish firms have responded to the requests made by Iranian import firms for the above-mentioned foods. Furthermore, it is claimed that the bids made have lacked certain information and exhibited qualities which have produced "suspicion"; it has also been noted that the prices suggested have been "incredibly" high. The information collected indicates that the prices set by the Turkish firms have been higher than the retail selling prices on the Iranian market.

Officials are requesting that Turkish firms devote even more attention and effort than ever to Iran, which continues to be a major export market in basic foodstuffs, and that they carry out their enterprises in a well-prepared, serious, and expeditious manner.



## PRODUCTION HALT IN TURKISH TRACTOR FACTORY

Istanbul CUMHURİYET in Turkish 5 Jul 79 p 5

[Text] Ankara (Ankara News Agency): It has been reported that production has stopped at the Turkish Tractor Factory. According to a statement by Turkish Tractor Factory General Director Turhan Omur, difficulties in the import of parts due to delays in foreign exchange transfers have caused the halt in production. Factory Director Omur spoke as follows on this matter:

"Although our factory has the capacity to produce 20,000 tractors, we will unfortunately be hard-pressed to turn out even 8,000 tractors this year, due to foreign exchange transfers not being executed in time, despite all our best intentions, as well as to difficulties in obtaining materials experienced by our suppliers."

On the other hand, it is reported that efforts toward the sale and distribution of Turkish Automotive Industry products to Arab, Middle Eastern, and African nations have produced positive results.

It is reported that, following the efforts by the Turkish government, the Sudan wants to buy the products of the Turkish automobile industry, as do such African and Middle Eastern countries as Nigeria, Libya, and Kuwait.

9173

CSO: 4907

## ARAB NATIONS SUBMIT ORDERS FOR CONSTRUCTION OF MILITARY VESSELS

Istanbul TERCUMAN in Turkish 7 Jul 79 pp 1,14

[Text] Izmir (Mediterranean News Agency): Vice-Admiral Bulent Ulusu, Commander of Naval Forces, has stated that "Our Naval Forces, in order to ensure our maritime rights and interests and not to allow our regional interests to be snatched away by others, are becoming steadily stronger. These efforts at greater strength are being expeditiously carried out within a planned program."

In an address made during the distribution of plaques and medallions to citizens who had engaged in material and moral contributions and aid to the Izmir branch of the Turkish Naval Foundation, Commander of the Naval Forces and General Chairman of the Turkish Naval Foundation Bulent Ulusu stated that the most powerful assault boat in the Mediterranean, brought into reality by Turkish workers, architects, and technicians at the Golcuk and Taskizak shipyards, as well as the first Turkish submarine, would be launched on the 19th and 20th of July. He continued "A multi-purpose mine ship, brought about by donations made to the Naval Foundation, will begin to be laid at the Taskizak shipyard on 19 July. This mine ship will be able to be used as a patrol vessel, and as a mine-laying and mine-sweeping assault boat. Furthermore, the assault boat which will be launched is the most powerful in the Mediterranean, and there is not another one like it in any of the Mediterranean nations. The submarine Saldiray has been constructed, except for motor components, entirely by Turkish workers from Turkish materials. This will also be launched."

Announcing that the boats named Sar, which were made for the General Gendarme Command and which have won the respect of the world's seafaring nations, as well as ships made for the Petroleum Office General Directorate and the Maritime Bank would also be launched on the same date, Vice-Admiral Ulusu said that "We are building these boats on a mass-production basis. This month, we will be signing a contract with Libya and beginning the construction of these boats, as well as other ships, for this nation at the Golcuk and Taskizak shipyards."

In parallel with this, we are also receiving orders from Qatar, Saudi Arabia, and certain other nations to construct ships."

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